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**REVISITING MODERNIZATION THEORY IN SUB-SAHARAN AFRICA: THE RELATIONSHIP BETWEEN INDUSTRIALIZATION AND DEMOCRATIZATION**

by

Peter B. Eltringham

June 2012

Thesis Advisor:

Naazneen H. Barma

Second Reader:

Robert E. Looney

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**REVISITING MODERNIZATION THEORY IN SUB-SAHARAN AFRICA:  
THE RELATIONSHIP BETWEEN INDUSTRIALIZATION AND  
DEMOCRATIZATION**

Peter B. Eltringham  
Major, United States Marine Corps  
B.S., The Pennsylvania State University, 2000

Submitted in partial fulfillment of the  
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from the

**NAVAL POSTGRADUATE SCHOOL  
June 2012**

Author: Peter B. Eltringham

Approved by: Naazneen H. Barma  
Thesis Advisor

Robert E. Looney  
Second Reader

Daniel J. Moran  
Chair, Department of National Security Affairs

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## **ABSTRACT**

The relationship between industrialization and democratization in Sub-Saharan Africa is one of interdependence and balance unique to the characteristics and capacity of three critical entities: the state, private capitalists and labor. Case specific reviews of this critical relationship assist in the general understanding of how industrial characteristics contribute to certain social requisites for democracy. In the cases of South Africa, Gabon, Senegal and Burundi, an increase in industrial diversification roughly correlates to increases in the satisfaction of social requisites for democracy. Senegal, Gabon and Burundi each demonstrate a lack of industrial diversity and a relative imbalance in the power dynamic between the three critical entities. This contributes to divergent degrees of satisfaction of social requisites and autocratic tendencies in lieu of the democratic. In South Africa, diversified industrialization exists and thrives alongside consolidated democracy. In this case, each of the well-developed critical entities is able to exert effective pressure upon the others and social requisites for democracy are largely met.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

ANC	African National Congress
AIDS	Acquired Immune Deficiency Syndrome
BBIN	Burundian Business Incubator
BDG	Bloc Democratique Gabonaise
CIA	Central Intelligence Agency
CNTS	National Confederation of Senegalese Workers
COSATU	Congress of South African Trade Unions
COSYBU	Confederation of Burundian Unions
FDI	Foreign Direct Investment
FRODBU	Front for Democracy in Burundi
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
ITUC	International Trade Union Confederation
KWH	Kilowatt Per Hour
MDCA	Millennium Development Challenge Account
MVA	Manufacturing Value Added
OECD	Organization for Economic Cooperation and Development
ONEP	Organisation Nationale des Employes du Petrole

PDG	Gabonese Democratic Party
PDS	Senegalese Democratic Party
SSA	Sub-Saharan Africa
UNACOIS	Senegalese Union of Traders and Industrialists
UDTS	National Trade Union Congress
UNIDO	United Nations Industrial Development Organization
UNSAS	National Union of Autonomous Trade Unions of Senegal
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development

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## **I. INTRODUCTION**

The purpose of this thesis is to examine the relationship between industrialization and democratization in Sub-Saharan Africa. Specifically, this research will be an examination of the political economies of selected countries as a means to compare and contrast regional experiences with the transition to industry-based economies, the contemporary effects of unique industrialization patterns, alignment to social requisites for democracy and the resultant progress towards democratic governance. The thesis will begin with a review of the major research question, importance, hypothesis, problems, sources, methodology and a brief literature review of salient sources. It will then establish a theoretical framework by analyzing modernization and development theory, the world system, industrialization and democratization within the context of Sub-Saharan Africa. Following this, case studies will be presented in order to delineate and measure “low,” “middle” and “high” performing country experiences with industrial and democratic transitions. Utilizing the information gathered from these case studies, this thesis will then compare and contrast the extent to which political, economic and social effects of industrialization satisfy social requisites for democracy as a means of testing the hypothesis. Conclusions from these comparisons will be drawn and the thesis will close with a brief exploration of the implications of these conclusions.

### **A. MAJOR RESEARCH QUESTION AND IMPORTANCE**

Trajectories of economic development in the many countries of Sub-Saharan Africa (SSA) diverge considerably. As SSA countries endeavor to modernize and close the gap with the developed world, the ways in which they pursue economic growth have run remarkably different courses. Multiple internal and external influences have assisted in shaping these trajectories while extensive research has been directed at charting their unique developmental patterns. In turn, the levels of industrialization and democratization are key points of political, social and economic intersection with the global community. Industrial and democratic capacity contributes significantly to international relationships and the degree to which a country may compete or interact internationally along political, social and economic lines. As these two dynamics are critical factors individually within

the modernization, development and international relations fields, understanding how they relate to each other may assist in the larger explanation as to what accounts for the divergence of developmental trajectories within the region. Understanding the relationship between industrial and democratic patterns can contribute to the development debate in terms of identifying the roots of stagnation in Sub-Saharan Africa. This brings us to the major research question: what is the nature of the relationship between industrialization and democratization within Sub-Saharan Africa?

Beyond its influence upon international relationships, development, particularly economic development, plays a critical role for humanity at large. According to Amartya Sen, “development is all about freedom in the broadest sense.” Economic development increases one’s ability to choose the type and quality of life one desires.<sup>1</sup> Development is important, literally, to everyone. Within the African context, the political, economic and social environments vary greatly across the continent. However, common to each population is the search for economic opportunity and the freedom to live long, prosperous lives.

Exploring the link between industrialization and democratization in the Sub-Saharan African context provides a review of the relationship between two prominent phenomena within the modernization, development, and international relations fields. This research seeks to explain the relationship between industrialization and democratization as a means to better understand the divergent patterns of modernization within SSA and the presence or absence of salient social requisites for democracy. Eva Bellin and Seymour Martin Lipset have established the theoretical baseline via Bellin’s “Contingent Democrat” theory and Lipset’s “Social Requisites for Democracy.” This approach regionally narrows the discussion as well as highlights and analyzes the contemporary variance of industrial and political spheres within Sub-Saharan Africa.

## **B. PROBLEMS AND HYPOTHESES**

Scholars in the modernization and development fields have highlighted numerous, often controversial, variables that have been proven to affect the social, political and

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<sup>1</sup> Amartya Sen, *Development as Freedom*. (New York: Alfred A. Knopf, 1999), pg. 14.

economic trajectories of peoples and nations. One cannot deny the impact of colonialism, religious missionaries, civil and international warfare, corruption, clientelism, patrimony, ethnicity, culture or tribalism on the shape and form of Sub-Saharan African development. However, this research will focus on the relationship between industrialization and democratization. In the proposed research, the depth and breadth of contributing or intervening variables will be limited to the extent to which they apply to the relationship between industrialization and democratization within Sub Saharan Africa or how divergent patterns of industrialization within the region have contributed to the presence of prominent social requisites for democracy.

Seymor Martin Lipset offers several conditions as precursors to supporting democracy once established in the quest for modernity. Democracy, once implemented, needs momentum and must create social supports in the form of institutions in order to prevail in crisis as well as create economic growth en route to garnering and maintaining popular legitimacy.<sup>2</sup> Lipset distances himself from the emergence of democracy and caveats his work with the acknowledgment that despite the existence of favorable conditions for democracy, adverse historical events may challenge popular views on the legitimacy of democratic ideals to endure crisis.<sup>3</sup> Lipset unveils his economic development complex as the measured levels of industrialization, wealth, urbanization and education. Further, Lipset offers a diagram that designates the following as requisite conditions that combine to facilitate democracy: an open class system, economic wealth, an egalitarian value system, a capitalist economy, widespread literacy and high participation in voluntary organizations.<sup>4</sup>

It is anticipated that this research will show that industrialization, in particular its effects on economic diversification and growth, is a necessary condition for successful modernization and development, shaping the conditions for the emergence and

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<sup>2</sup> Seymour Martin Lipset. "Some Social Requisites of Democracy." *American Political Science Review* 53, no. 1 (1959): 69—105. pg.72.

<sup>3</sup> Ibid., pg. 45.

<sup>4</sup> Ibid., pg. 45.

sustainment of democracy in Sub-Saharan Africa. More simply, industrialization is not dependent upon democratization; but successful democratization is dependent upon industrialization.

### C. METHODS AND SOURCES

This thesis will utilize a comparative case study approach in order to cross compare the vastly different modernization experiences within the Sub-Saharan African region. Patterns of industrialization and democratization alongside salient influential factors of several Sub-Saharan African nations will be analyzed. A “low performer” such as Burundi, a “middle performer” such as Senegal and “high performers” such as South Africa and Gabon represent what can be considered the full spectrum of industrial capacity and democratic governance within the region. This thesis will develop, for each set of countries, a general causal narrative that demonstrates the case-specific sequencing of democratization alongside industrial capacity in each instance. Individual country levels of industrialization and democratization relative to regional averages determine specific countries within low, middle or high performer categories.

Measuring industrialization in terms of economic and social outcomes is both necessary and problematic. Economically, returning to Lipset’s model, he simplistically utilizes the percentage of males in agriculture and per capita energy consumed as indices of industrialization in his efforts to explain correlations between economic development and democracy.<sup>5</sup> The United Nations Industrial Development Organization (UNIDO), perhaps, represents the opposite extreme in complexity. In an attempt at brevity, their statistics, broken down by country and drawn from such sources as the United Nations Statistics Division (UNSD), the World Bank, the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) are in terms of GDP, MVA (Manufacturing Value Added or GDP generated by the manufacturing

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<sup>5</sup> Seymour Martin Lipset. "Some Social Requisites of Democracy." *American Political Science Review* 53, no. 1 (1959): 69—105. pg. 76.

sector), and MVA derivatives.<sup>6</sup> For the purposes of this research, industrialization will be measured in terms of UNIDO's elements as well as energy capacity, consumption and contribution to GDP rates of the four economic sectors.

In order to approximate the emergence of democracy relative to autocratic tendency within the political arena, polity IV data can be used. The “polity score” basically captures the nature of political authority along a scale with the extremes being a complete autocracy in the form of a hereditary monarchy (-10 score) on the left end and a fully institutionalized and consolidated democracy (+10 score) on the far right. The use of polity IV data provides a sound quantitative reference point for the more qualitative patterns of democratization within each case study.

As stated previously, my hypothesis is that industrialization, as a process of economic diversification, is a necessary condition for modernization and development, which then shapes the conditions for the emergence and sustainment of democracy in Sub-Saharan Africa. In this context, industrialization is not dependent upon democratization; however, successful democratization is dependent upon diversified industrialization. I intend to evaluate this hypothesis by examining industrialization capacity and associated patterns as the independent variables. The social and economic outcomes of these characteristics and patterns will be measured and utilized as intervening variables for comparison to the social requisites for democracy, also intervening variables. The dependent variable will be the measured level of democracy. Specifically, this research will determine the level of industrialization and its outcomes in terms of class structures, urbanization, advances in technology, communication, electric power production, social mobilization, skills and education. These variables will then be assessed as to their fulfillment of Lipset's requisites for democracy, namely an open class system, economic wealth, an egalitarian value system, a capitalist economy, widespread literacy and high participation in voluntary organizations. Finally, these social requisites will be mapped against the level of democracy.

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<sup>6</sup> United Nations Industrial Development Organization, accessed August 23, 2011,  
<http://www.unido.org/index.php?id=1001503>.

Both qualitative and quantitative examinations of primary and secondary sources will be utilized. Primary sources will generally include published works by authors with the modernization, development, economics and international relations fields. Books, professional journals, and reviews will provide a historical and contemporary baseline of developmental economics and politics from which secondary sources will further expand. Secondary sources such as Internet-based resources, media outlets, official documents and websites of government agencies (i.e. State Department, Freedom House, Polity IV, World Bank, International Monetary Fund, Transparency International, United States Agency for International Development, etc.) will contribute amplifying qualitative data and supporting references.

It is likely that there are gaps in existing economic data prior to the 1970s. As many Sub-Saharan African nations underwent post-colonial transition during this time period, it is assumed that record keeping may present challenges to accuracy and availability. Likewise, based upon the openness of certain governments, contemporary data will likely also be problematic. Finally, there will likely be other contributors to the social requisites of democracy potentially unrelated to industrial development. Every effort to acknowledge these instances will be made.

#### **D. LITERATURE REVIEW**

This literature review seeks to unpack the various concepts to understanding the relationship between industrialization and democratization within the context of Sub-Saharan Africa. It will highlight consensus and disagreements within the prominent literature concerning the world system, modernization, development and growth concepts, as well as industrialization and democratization. The causal sequencing of the various components of modernity, in particular industrialization and democratization, remain a key disagreement within the literature. This thesis will focus on addressing the sequencing of industrialization and democratization in the context of contemporary Sub-Saharan African development. The goal will be to develop generalizable conclusions that speak to the broader debate.

The question of modernity is a matter of perspective, which is why the notion of modernization has oscillated in and out of favor and prominence within the circles of academia, foreign affairs professionals, governments, international finance institutions, NGOs and development organizations. The end state of modernity has become a core question, as has the nature of societies at large and the paths travelled along the way. Have we seen the end of history as Fukuyama suggests?<sup>7</sup> Is the liberal democratic system driven by capitalism and profit yet representative of the people and responsive to popular demands the most effective and efficient method of organization? Is the laissez-faire market economy the answer? Will a democratic, authoritarian or theocratic political leadership carry a state or nation most beneficially to the globally interlaced future? Or, as Huntington asserts, is the world comprised of incompatible civilizations moving along their own trajectories?<sup>8</sup> Is the world forever destined for conflict, challenge, peaks and valleys of prosperity? Different strands of the literature on modernization, industrialization and development provide varied answers to such questions.

World-systems theorists such as Andre Gunder Frank, Barry K. Gills, Immanuel Wallerstein and Samir Amin may often whole-heartedly disagree on specific details, but they coalesce to present a global or near global functionally interactive environment based upon capitalism as its preferred “mode of production” in modernity.<sup>9</sup> Also of note is their reference to a center-periphery structure at work within the global system and the associated dependencies that largely define international economic relationships.<sup>10</sup> The true depth of the integration of the global economy is controversial as analysts produce research highlighting its challenges to national sovereignty and democracy or the actual degree to which the international community participates in economic transactions as a

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<sup>7</sup> Francis Fukuyama, "The End of History?" In *Conflict After the Cold War: Arguments on Causes of War and Peace*. 3rd ed., (New York: Pearson Education, Summer, 1989), 6.

<sup>8</sup> Samuel P. Huntington, "The Clash of Civilizations?" In *Conflict After the Cold War: Arguments on Causes of War and Peace*. 3rd ed., (New York: Pearson Education, 1993), 34.

<sup>9</sup> Andre Gunder Frank and Barry K. Gills. *The World System: Five Hundred Years Or Five Thousand*. (London and New York: Routledge, 1993), xxi and 3.

<sup>10</sup> Ibid., 3.

fraction of GDP.<sup>11</sup> However, controversial or popular these concepts may be, they stretch back well before contemporary discussion, as African leaders recognized subordinate roles in the world system as well as the need and desire to transform beyond the traditional society. John Dube, in early Twentieth Century South Africa, during the rise of Zulu nationalism, noted such trajectory endpoints as the “higher places of civilization” or “the backward.... abyss of the antiquated tribal system” and sought an “honoured place among nations.”<sup>12</sup> Economic development, it seems, is needed to become competitive, reap the benefits of international commerce, and join the ranks of the modern world.

Modernization theory spans from the mid Nineteenth Century through to today. In general, it is a theory of development and societal change. The early debate revolved around the distinguishing characteristics of traditional and modern societies, their organization principle, and methods and degree of social interaction. Characterizing society largely as a biological organism, early concepts of modernization viewed societal change as a natural process of continuous evolution.<sup>13</sup> Traditional societies can be measured in terms of a system of kinship and family while the modern consist of contractual relationships.<sup>14</sup> Emile Durkheim viewed traditional society’s organization slightly differently. In his theory, traditional society progressed from distant, self-sufficient groups that gradually coalesced to increasingly dense populations, competing for survival and developing differentiated roles en route to interdependence upon each other.<sup>15</sup>

Beyond the conceptual origins, modernization theory brings together the fields of politics, social systems and economics. Raising the contentious question of a liberal

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<sup>11</sup> Pankaj Ghemawat. "Why the World Isn't Flat." *Foreign Policy Magazine* (2007); Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*. (London and New York: W.W. Norton & Company, 2011).

<sup>12</sup> Nicholas Cope. "The Zulu Petit Bourgeoisie and Zulu Nationalism in the 1920s: Origins of Inkatha." *Journal of Southern African Studies* 16, no. 3 (1990). 435.

<sup>13</sup> Herbert Spencer, *On Social Evolution: Selected Writings* (University of Chicago Press, 1972).

<sup>14</sup> Sir Henry Sumner Maine, *Ancient Law: Its Connection with the Early History of Society and its Relation to Modern Idea* (Charles Scribner, 1864).

<sup>15</sup> Emile Durkheim. *The Division of Labor in Society* (Free Press, 1964).

democratic political end state, Seymour Martin Lipset provides what is popularly viewed as the foundational text for modernization theory in 1959. Lipset overtly connects the economic vibrancy of a nation to the sustainment of democracy in his oft-cited quote, “Concretely, the more well-to-do a nation, the greater the chances that it will sustain democracy.”<sup>16</sup> Lipset’s theory establishes economic development as the driver for social change, which additively enhances the progression towards and support of democratic political systems. In his view, these three variables are neatly packaged together. Notably, Lipset cites Max Weber in the course of his article, highlighting a key tenet of modernization thought. Lipset concurs with Weber’s suggestion that modern democracy is dependent upon capitalist industrialization as he goes on to demonstrate that the average wealth, degree of industrialization and urbanization, and level of education is much higher for the more democratic countries within his study.<sup>17</sup>

Samuel Huntington, conversely, is a proponent of the disaggregation of political development from modernization. He is concerned with the rapid pace of increasing social mobilization and participation as saboteurs to political institutions.<sup>18</sup> A lack of sufficiently strong institutions is an all too common theme of political discourse within the developing world. For Huntington and his followers, economic and social development that outpaces the growth of political institutions is a flashpoint for instability because political institutions are required to secure the population, provide services for them and maintain accountability.<sup>19</sup> Huntington cites Lucian Pye and Karl Deutsch as he explains the necessity of differentiating the economic and political elements of modernization and the critical issue of social mobilization. Political and economic development is measured by starkly different elements and therefore a single

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<sup>16</sup> Seymour Martin Lipset. "Some Social Requisites of Democracy." *American Political Science Review* 53, no. 1 (1959): 69—105. 75.

<sup>17</sup> Ibid., 73 and 75. Lipset cites Weber from “Zur Lage der burgerlichen Demokratie in Russland,” Archiv fur Sozialwissenschaft and Sozialpolitik, Vol 22 (1906), pp. 346ff.

<sup>18</sup> Samuel P. Huntington, "Political Development and Political Decay." *World Politics* 17, no. 3 (Apr., 1965): pp. 386-430. <http://www.jstor.org/stable/2009286>., 386.

<sup>19</sup> Ibid.

scale is inappropriate for conceptualizing and measuring modernization.<sup>20</sup> Social mobilization is the critical precursor to mass participation, whereby the influence of education, urbanization, technology, industrialization and rising income increase the number of politically relevant members of society who seek to involve themselves in politics in order to protect themselves, their assets and the propensity for continued upward mobility.<sup>21</sup>

The notion that modernization via development consists of historical phases provides yet another avenue of debate as well as a series of variables and viewpoints on sequencing that will be studied in the proposed thesis. Phases themselves tend to be generally agreed upon in the wider literature yet the actual participation by individual countries within each phase is contested. Some view each phase as a requisite for continued progress while others believe that in the contemporary environment, a nation may skip stages along its individual path to modernity. Prominent examples are Rostow's stages of growth and Gerschenkron's counterpoint by way of explaining the divergent developmental trajectories of late developers as a result of "backwardness" and the vastly different exogenous and endogenous influences, along with the benefits achieved through technological transferability.<sup>22</sup> Przeworski and Limongi describe modernization itself as

the gradual differentiation and specialization of social structures that culminates in a separation of political structures from other structures and makes democracy possible. The specific causal chains consist of sequences of industrialization, urbanization, education, communication, mobilization, and political incorporation, among innumerable others: a progressive accumulation of social changes that ready a society to proceed to its culmination, democratization.<sup>23</sup>

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<sup>20</sup> Ibid., 16. Huntington cites Lucian Pye in *Communications and Political Development* Princeton, 1963.

<sup>21</sup> Samuel P. Huntington, "Political Development and Political Decay," 405-406. Huntington cites Karl Deutsch in, "Social Mobilization and Political Development." *The American Political Science Review* 55, no. 3 (Sep., 1961): pp. 493-514. <http://www.jstor.org/stable/1952679>.

<sup>22</sup> Walt W. Rostow, "The Stages of Economic Growth." In *The Political Economy Reader: Markets as Institutions*, 195--209. (New York and London: Routledge, Taylor & Francis Group, 1960); Alexander Gerschenkron, "Economic Backwardness in Historical Perspective." In *The Political Economy Reader: Markets as Institutions*, 211. (New York and London: Routledge, 1962).

<sup>23</sup> Adam Przeworski, and Fernando Limongi. "Modernization: Theories and Facts." *World Politics* 49, no. 2 (Jan., 1997): pp. 155-183. <http://www.jstor.org/stable/25053996>, 58.

Further, Przeworski and Limongi generalize the conditions for the fall of dictatorships and the transformation to democratic ideals as a process of economic development that brings with it increasingly complex social structures, organization and mobilization of labor, which successfully challenge command authority. Technological change provides direct producers with autonomy and private information, civil society emerges, and the masses eventually topple an increasingly opposed, ineffective dictatorial regime.<sup>24</sup> Thus, political, social and economic forces begin to combine, a country demonstrates the interactive process of these fields, and elements of modernization become increasingly evident.

Daniel Lerner settles upon four basic yet functionally interdependent elements of modernization.<sup>25</sup> In his study in the early 1950s, these dependent variables were annotated as urbanization, literacy, media participation and political participation. Lerner identifies democracy as a development of the latter stages yet again there is a general phasing to his variables, though literacy and media participation are combined. The pattern generally conforms to the establishment of cities to set the conditions for modern industrial society followed by the reciprocal relationship between literacy and media participation. In this phase, the two variables feed off of each other, though literacy is obviously the critical element. Then, when industrial development has progressed sufficiently, a society will compound its educational and technological gains by increased political participation via the production of newspapers, radio networks and motion pictures. These mark an advanced modern society by way of a political institution that provides for critique and mass participation.

Karl Polanyi, a central figure in the school of economic sociology conceptualizes economics as founded upon relationships between economics and society, inherently interconnected spheres of a system. He espouses the “double movement” as social and state forces react via market intervention to protect the people when free market economic catalysts alter the balance of this interdependent system. While Polanyi states

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<sup>24</sup> Adam Przeworski, and Fernando Limongi. "Modernization: Theories and Facts." *World Politics* 49, no. 2 (Jan., 1997): pp. 155-183. <http://www.jstor.org/stable/25053996>, 157.

<sup>25</sup> Lipset, "Some Social Requisites of Democracy," 82. Lipset cites Daniel Lerner in *The Passage of Traditional Society* (Glencoe Free Press, 1958).

that the economic system is a “mere function of social organization,” he, like Huntington, highlights the negative effect of uneven progress due to excessive speed.<sup>26</sup> “A process of undirected change, the pace of which is deemed too fast, should be slowed down, if possible, so as to safeguard the welfare of the community.”<sup>27</sup> The protective countermovement acts as an inhibitor to lopsided development and maintains the balance of the system by protecting the welfare of the masses.<sup>28</sup> Polanyi takes particular interest in the explanation of the nature and history of markets as well as their functioning and regulation from a social perspective. In this context, the pivotal relationship between economics and social forces is unveiled. As Karl Deustch points out, industrialization and rising income become critical contributors to social mobilization.

Building on a societal perspective, Diamond, et al., identify a large middle class, bourgeoisie and the organized working class as the social results of economic development and key players in the democratization process. Specifically, technical and white collar workers, writers, professors, journalists, lawyers, and religious leaders constitute the critical middle class and intellectual leadership for civil society movements.<sup>29</sup> Though the greater topic within this work is the impact of Christianity in east Africa, James Giblin touches upon a social consequence of industrialization in response to migrant labor in SSA. Giblin explains the concerns of Bena paramount, Chief Joseph Mbeyela with the collapse of the family unit and struggles to define one’s “family” in the Ulanga Valley, Njombe, Tanzania. The social cost of absentee men, which formed a migrant labor force for the Copperbelt in northern Zambia, tobacco farms in Zimbabwe and gold mines of South Africa, was divorce, adultery, desertion and abandonment of wives by these migrant laborers. The realities of migrant labor’s effects forced authorities to respond to social challenges. In this case, Mbeyela advocated

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<sup>26</sup> Karl Polanyi, "The Great Transformation: The Political and Economic Origins of our Time." In *The Political Economy Reader: Markets as Institutions*, 121. (London and New York: Routledge, 1944), 132.

<sup>27</sup> Karl Polanyi, "The Great Transformation: The Political and Economic Origins of our Time." In *The Political Economy Reader: Markets as Institutions*, 121. (London and New York: Routledge, 1944), 122.

<sup>28</sup> Ibid., 117.

<sup>29</sup> Larry Diamond. *Consolidating the Third Wave Democracies: Themes and Perspectives*, edited by Larry Diamond, Marc Plattner, Yun-han Chu and Hung-mao Tien. (Baltimore and London: The Johns Hopkins University Press, 1997), xxxiii and xxxiv.

changes in cultural trends that would decrease the need or desire to take up migrant work and therefore strengthen marriages, family stability and “tribal cohesion.” Challenges surrounding the size and breadth of familiar responsibility for bridewealth, the forcing of women into unwanted marriages and acceptable terms for divorce led to the alignment with Christian marital ideals as well as motivations for increased education and health care as Chief Mbeyela struggled with the evolution of social, economic and cultural norms.<sup>30</sup>

Additionally, John Walton cites W. Moore’s 1965 volume, *The Impact of Industry* in order to draw attention to what Moore summarizes as “first order consequences of industrialization.”<sup>31</sup> Among these consequences of economic growth are productive organizations with technologically determined and functionally specific work relationships, pyramid structured administrative hierarchies of rational authority, a labor force relocating both from rural to urban dwellings and from the primary sector to other sectors of the economy, and eventually over-urbanized cities. Moore goes on to identify specific “reverberations” such as the rising predominance of the nuclear family, urban social disorganization, shifting primary determinants of status to occupation, skill and economic criteria. Nicholas Cope asserts a drastic difference in Zulu social history between the Nineteenth and Twentieth Centuries as a result of increasing land hunger, rural poverty, accelerating labor migration, rising acculturation to ‘modern’ values, and the declining influence of local tribal authorities or employers via labor tenancy contracts. He claims that a complete schism from pre-industrial tradition did not occur, rather a new social reality emerged by way of the adaptation of new social divisions and ideas that restructured the class character of Zulu society. A key contributor to the swelling ranks of the petit bourgeois or South African middle class was the inseparable link between Christianity, education, the industrial model and civilization.<sup>32</sup>

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<sup>30</sup> James Giblin, "Family Life, Indigenous Culture & Christianity in Colonial Njombe." In *East African Expressions of Christianity*, edited by Thomas Spear and Isaria A. Kimambo, 309, (Oxford: James Currey), 312-314.

<sup>31</sup> John Walton. "Theory and Research on Industrialization." *Annual Review of Sociology* 13, (1987): pp. 89-108. <http://www.jstor.org/stable/2083241>, 92.

<sup>32</sup> Cope, "The Zulu Petit Bourgeoisie and Zulu Nationalism in the 1920s: Origins of Inkatha," 434.

Initial attempts at democratization in the wake of decolonization were heralded as landmarks in African development. Later, the third wave of democratization swept the global landscape as over sixty nations adopted democratic practices.<sup>33</sup> However, as Michael Crowder notes, the resultant violence, poverty, misgovernment, weak state structures, and destructive economic and legal practices are the legacy of colonial powers. Colonial techniques served as a baseline example and fundamental shaping tool for post-colonial social, political and economic practices.<sup>34</sup> In his view, liberal democracy along the lines of the Westminster style was more the dream of the British than the Africans.<sup>35</sup> It is not surprising that current political, social and economic structures demonstrate a blend of autocratic and democratic methods. Richard Joseph defines “a political system as democratic to the extent that it facilitates citizen self-rule, permits the broadest deliberation in determining public policy, and constitutionally guarantees all the freedoms necessary for open political competition.”<sup>36</sup> The elements Joseph refers to in this definition encompass a sufficient snapshot of democracy for the Sub-Saharan African experience because insufficiencies in these areas largely characterize the present situation.

Robert Dahl offers two key points of for consideration. First, he suggests three possible paths for democratization, a common Western sequence, an authoritarian-modernization sequence, and a mutually reinforcing, incremental economic, social and political development sequence.<sup>37</sup> Second, is his recognition of the difficulties comparing causation for a particular political culture in different countries. In his list of

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<sup>33</sup> Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century*. Norman: University of Oklahoma Press, 1991.

<sup>34</sup> Michael Crowder, "Whose Dream was it Anyway? Twenty-Five Years of African Independence." *African Affairs* 86, (1987): 7—24., pp. 11-18.

<sup>35</sup> Ibid., 11.

<sup>36</sup> Richard Joseph, "Democratization in Africa After 1989." *Comparative Politics* 29, no. 3 (1997): 363--382., 365.

<sup>37</sup> Robert Dahl, "Development and Democratic Culture." In *Consolidating the Third Wave Democracies: Themes and Perspectives*, edited by Larry Diamond, Marc Plattner, Yun-han Chu and Hung-mao Tien, (Baltimore and London: The Johns Hopkins University Press, 1997), 34, 36-37.

six conclusions, the fifth acknowledges the concern that “no two countries have identical historical experiences, it is unreasonable to suppose that all democratic countries will possess identical political cultures.”<sup>38</sup>

Clearly there is a tremendous amount of literature highlighting the ‘African disaster.’<sup>39</sup> However, the literature isn’t completely negative. Part of Michael Crowder’s argument is that the very survival of African states is an economic and political miracle in and of itself.<sup>40</sup> Stephen Radelet goes further and asserts that there are 17 “emerging” countries distancing themselves from peer nations on the continent.<sup>41</sup> Radelet believes that these states share five common major changes that help account for their overall success. The first is trending toward more democratic and accountable governments. Second is a shift towards more sensible economic policies. The third encompasses the end of debt crises and the establishment of better international relationships. Fourth is the spread of new technologies. The fifth and final is the emergence of a new generation of political, economic and social leaders. On the other hand, Radelet highlights several key challenges to the sustainability of recent success. Among them are challenges to deepening democracy, strengthening governance and creating new economic opportunities for a growing workforce via diversifying economies beyond subsistence agriculture and raw materials exploitation.<sup>42</sup> He views this diversification as crucial. “Without more diversified economic opportunities [such as food processing, clothing, jewelry, toys, furniture, etc.], economic growth and poverty reduction will almost certainly stall eventually.”<sup>43</sup> Further, he asserts, “throughout history around the world, this “structural transformation” from raw materials into diversified production is the sine qua non of sustained economic development.”<sup>44</sup>

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<sup>38</sup> Ibid., pg. 38.

<sup>39</sup> Robert Dahl, "Development and Democratic Culture," pg. 10.

<sup>40</sup> Ibid.

<sup>41</sup> Steven Radelet, *Emerging Africa: How 17 Countries are Leading the Way*. (Washington, D.C.: Center For Global Development, 2010).

<sup>42</sup> Radelet, *Emerging Africa: How 17 Countries are Leading the Way*, 142-147.

<sup>43</sup> Ibid., 145.

<sup>44</sup> Ibid., 146.

Socio-economic and political development dominate the conversation on modernization. Authors and experts disagree on the causation and correlation of multiple variables in the emergence or longevity of a particular political regime. They also disagree on the bundling of economic development, social mobilization and democracy in the modernization theory at large. However, in unison, the field espouses the need for economic development in order to emerge from the limits of traditional, largely agriculture-based economies via diversification and industrialization. Alongside industrialization, social change is inevitable. A mobile labor force, investments in more efficient modes of production, the operations of profit-minded business and the enforcement of their related contracts churn the social, economic and political arenas. This functionally interactive process is the impetus for movement along the path of development. With economic development and industrialization comes among other things, a shift in class structure via the increase or decrease of working, middle and elite classes, urbanization, advances in technology, communication, electric power production, skills and education, social mobilization and the requirement for a state to respond in the form of providing public goods such as security, health, sanitation, legal accountability and infrastructure.

It is at this intersection in the modernization, development, social, political and economic fields that this research is located. The causal sequencing of the various components of modernity is the prevailing disagreement. This research seeks to explore, in particular, industrialization and democratization as critical sequential elements in the context of contemporary Sub-Saharan African development. This thesis lies between the consensus view that economic growth via diversification and industrialization is a requisite for development, access to the global economy, modernization in general and the disputed notion of the teleological certainty of democracy, acquiescence to single historical paths of development and the achievement of Western liberal democratic characteristics. It is interested in examining within the context of Sub-Saharan Africa, the relationship between the political, social and economic results of industrialization and Lipset's social requisites of democracy.

## **II. INDUSTRIALIZATION AND DEMOCRATIZATION AS VARIABLES**

While there are many endogenous and exogenous influences upon a given country's policies such as the availability of natural resources, war, foreign aid, or colonial imposition etc., this research will focus upon the critical outcomes of industrialization that coincide with predefined social requisites of democracy. It is less important what variables sparked or shaped individual industrial advancements and more important what characteristics have emerged as outcomes of a particular pattern of industrialization. It is anticipated that this research will show that industrialization, in particular its effects on the critical actors within the political economy of a nation, shapes the conditions for the emergence and sustainment of democracy in Sub-Saharan Africa. Critical actors within the industrial complex, population and government share a special relationship that when balanced in terms of power, capacity and influence, drive a particular pattern of democratization.

The framework for the analysis of the relationship between industrialization and democratization within the Sub-Saharan African context will align to key works provided by research conducted by Eva Bellin and Seymour Martin Lipset. Bellin provides her “contingency theory” that assists in defining measurable variables that contribute to what can be considered the actual mechanism between industry’s political, social and economic effects and the emergence of democracy. This mechanism is the establishment of conditions under which capital, labor and the state are more or less likely to favor democracy. “Enthusiasm” for democracy amongst the major players within the social, economic and political arena, namely private entrepreneurs, the labor force and the state/political elites acts as the catalyst for the emergence of democratic momentum.<sup>45</sup> Determining the level of enthusiasm for democratization effectively analyzes the major

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<sup>45</sup> Eva Bellin. "Contingent Democrats: Industrialists, Labor, and Democratization in Late-Developing Countries." *World Politics* 52, no. 2 (Jan., 2000): pp. 175-205. <http://www.jstor.org/stable/25054108>. pg. 178.

players' relationships and the incentives to embrace democratic reform. This assumes a starting regime type as non-democratic in nature yet in Sub-Saharan Africa, this is not always the case.

My analysis is bookended via Lipset's research on the social requisites for democracy. He does not assume nor guarantee the emergence or sustainment of democracy. Lipset merely states that there are certain key elements that are common to facilitating or contributing to democracy. Democracy is a possible consequence of certain conditions.<sup>46</sup> In this context, an open class system, capitalist economy, economic wealth, an egalitarian value system, literacy and high participation in voluntary organizations are the prevalent conditions in democratic systems.<sup>47</sup> They are necessary but not sufficient for the emergence and sustainment of democracy. Lipset's key requisites, while social in description within his work, clearly align to the political and economic as well. An open class system is one in which social hierarchies are defined by individual effort and achievement. An egalitarian value system is a pervasive, popular idea or social norm where a population views itself as a single entity, differences are minimized and all members are considered equal. A capitalist economy is one largely defined as free market in nature with minimal regulation and a business environment conducive for competition and profit maximization. Economic wealth refers to the ability to build and expend capital and is commonly measured by gross national income per capita and gross domestic product. Literacy is a function of educational opportunity and quality such that people may communicate and acquire the skills necessary to be of service or productive within an economy. High participation in voluntary organizations is a means to mobilize, interact, share ideas, debate and participate in governance at multiple levels.

#### A. WHY INDUSTRIALIZATION?

It is not the intention of this work to offer industrialization as a panacea for the many challenges that face Sub-Saharan African nations in the modern age. It is simply an entry point to the greater discussion concerning economic growth and stagnation as a late

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<sup>46</sup> Seymour Martin Lipset. "Some Social Requisites of Democracy." *American Political Science Review* 53, no. 1 (1959): pg. 103.

<sup>47</sup> Ibid., pg. 105.

developing region and serves as a key contributor to conditions that influence democracy in general. Industrial capacity serves as a hallmark of the “developed” world. It is a key element in “modern” national capacity and critical contributor to economic development. The advancement of material interests opens the door for continued opportunity, social and economic mobility and is a catalyst for eventual endogenous growth. This type of growth is a cycle of self-sustaining development where income is generated by technological innovation, which raises national income and stimulates further innovation in a positive feedback process.<sup>48</sup> Jeffrey Sachs asserts that an endogenous growth pattern is the aim point for actors within the global economy and has largely been achieved by the industrialized, advanced economies of the world. In descending order from endogenous growth, other patterns include catch-up growth, resource-based growth, Malthusian decline and economic isolation. It is within these classifications that many Sub-Saharan African countries reside. In fact, Sachs asserts that the majority of Sub-Saharan African countries fall into the categories of resource-based growth and Malthusian decline.<sup>49</sup> Resource-based patterns are characterized by per capita incomes within an economy that are subject to the extreme volatility of resource booms and busts while those classified as in Malthusian decline “experience a process of falling per capita income caused by population pressures outstripping the carrying capacity of the local economy, in circumstances in which the country is neither innovating nor successfully adopting technology from abroad.”<sup>50</sup> These classifications denote undiversified economies with few economic alternatives to sustain their economies and an inability to adopt much less diffuse technology. Such characteristics define a weak economy that at best will remain stagnant, and at worst, decline relative to global competitors and show very little potential to catch up to the modern world.

Strong economies exhibit the economic power, multi-sector capacity and financial security that allow them to shape and drive their interaction within the international

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<sup>48</sup> Jeffrey D. Sachs. "Globalization and Patterns of Economic Development." *Weltwirtschaftliches Archiv* 136, no. 4 (2000): 579–599. pg. 581.

<sup>49</sup> Ibid., pg. 583.

<sup>50</sup> Ibid., pg. 581–582.

community. According to the IMF World Economic Outlook 2011, several advanced economies include the United States, United Kingdom, Italy, France, Germany, Canada and Japan.<sup>51</sup> A review of World Bank 2011 data shows the average sector ratios as a percentage of GDP for these “advanced economies” to be approximately 2% Agriculture, 29% Industry (16% of which is a result of manufacturing), 69% Services. Sub-Saharan African economies on average demonstrate a ratio of 24%: 29% (9%): 47%.<sup>52</sup> (See Table 1. Also, See Table 15. And Figure 5.) Weak economies tend towards reliance upon a single or few commodities that place a government and population at the mercy of boom and bust economic cycles. The key item of note is a heavier reliance upon agriculture and smaller manufacturing capability. This comparison generally highlights the trend that increases in the industrial and related service sectors are a mark of the advanced economic world. Diversification has a modernizing effect through occupational specialization, urbanization and the potential for expanded access to education and technology. These modernizing elements are also key contributors to democratization.<sup>53</sup>

Service Sectors by Contribution to GDP		
	Advanced Economies	Sub-Saharan African Economies
<b>Agriculture</b>	2%	24%
<b>Industry</b>	29%	29%
<b>Manufacturing</b>	16%	9%
<b>Services</b>	69%	47%

Table 1. Service Sectors by Contribution to GDP (From<sup>52</sup>)

The industrialization of a country provides economic diversification that generates increased opportunities beyond the limits of subsistence agriculture or other single commodity reliance. It serves as a vehicle for social and economic change closely

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<sup>51</sup> International Monetary Fund. *World Economic Outlook 2011. Tensions from the Two-Speed Recovery: Unemployment, Commodities and Capital Flows*: International Monetary Fund, 2011.

<sup>52</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

<sup>53</sup> Michael Lewin Ross. "Does Oil Hinder Democracy?" *World Politics* 53, no. 3 (2001). pg. 336.

linked to development, poverty reduction and increased income at the individual, regional and national levels. On the surface, a capital-intensive mode of development that translates into mass inclusion of the population and the protection of economic and social gain is more likely to trend towards democracy. Looking deeper, industrialization provides the forum for social and economic mobilization responsible for the conditions in which democratic governance is a viable option. It can also act as a means to increase domestic and foreign investor confidence in the methods of governance, stability, regulation and accountability for making and securing profits within developing nations. Additionally, the industrial sector provides a key opportunity to enhance total factor productivity, innovation and outputs for export-led development. It ultimately provides the impetus to catapult SSA countries beyond the “third world.”

## B. WHY DEMOCRATIZATION?

Variant degrees of democracy or its nemesis, autocracy span the globe and drive the manner in which countries are governed and participate in the global community. There are several rationales for the promotion of democratic ideals each of which are controversial in their own right yet nevertheless utilized in common governance discourse. Democratic peace, for example espouses the argument that democracies almost never fight each other because of shared ideologies, mass popular inclusion in the political process and the sense that conflict can be resolved in alternate ways.<sup>54</sup> The collapse of the Soviet Union in 1991 witnessed the virtual triumph of capitalism and liberal democracy over communism and socialist governance. This event bolstered the validity of “the Western idea” and emboldened its supporters around the world. Fukuyama went so far as to suggest that the world might have witnessed not just the end of the Cold War, but also “the endpoint of mankind’s ideological evolution and the universalization of Western liberal democracy as the final form of human government.”<sup>55</sup>

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<sup>54</sup> Bruce Russett. "The Fact of Democratic Peace." In *Debating the Democratic Peace: An International Security Reader*, edited by Michael E. Brown, Sean M. Lynn-Jones and Steven E. Miller. Cambridge: The MIT Press, 1996. pg. 59.

<sup>55</sup> Francis Fukuyama. "The End of History?" Chap. I, In *Conflict After the Cold War: Arguments on Causes of War and Peace*. 3rd ed., 6. New York: Pearson Education, Summer 1989. pg. 6.

Fittingly, democracy is a highly visible element within the foreign policy and strategy of the United States, the West and International Finance Institutions. According to the National Strategy for Combating Terrorism, effective democracy provides a deterrent to the roots of terrorist activity, the countering of which is a mainstay of U.S. Foreign Policy in Africa. In this view, democracy offers an ownership stake in society, the ability to shape one's own future, rule of law, peaceful resolution of disputes, the opportunity to advance interests via compromise, respect for human dignity, freedom of speech and independent media.<sup>56</sup> It is common knowledge that certain restrictions in the form of sanctions or benefits via increased aid and trade agreements accompany political reform in the direction of liberal democratic ideals. The United States, along with many other nations have increased engagement on the African continent. Though potentially "episodic" in comparison to humanitarian assistance or counterterrorism themes, supporting democratization efforts is a definitive aspect of United States-African Foreign Policy.<sup>57</sup> This is in stark contrast to the mythical "no strings attached" policy exercised by the Chinese government that emphasizes business opportunities and political leanings on Taiwan but neglects domestic political democratic reform milestones.<sup>58</sup> As it stands within the international relations and policy world, foreign investment and aid programs represent key, controversial inputs to the economic growth and development of recipient nations as well as the nature of their economies and political structures.

Przeworski and Limongi tackle the empirical relationship between economic development and democracy. They suggest a "sweet spot" for democratic transition from authoritarian regimes in terms of per capita income. In a 1997 study, Przeworski and Limongi found that dictatorships become less stable as incomes rise beyond \$1,000, which introduces the potential for a transition to democracy. However, once incomes rise beyond \$5,000 to \$6,000, the momentum swings in favor of dictatorial consolidation

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<sup>56</sup> The White House. "National Strategy for Combating Terrorism." In *Command & Staff College Distance Education Program, Small Wars*, 2006. pg 10.

<sup>57</sup> David H. Shinn. "Africa: The United States and China Court the Continent." *Journal of International Affairs* 62, no. 2 (2009). pg. 41.

<sup>58</sup> Deborah Brautigam. *The Dragon's Gift: The Real Story of China in Africa*. New York: Oxford University Press, 2009. pg. 21.

rather than democratization if democracy has failed to emerge.<sup>59</sup> The critical watermark is estimated to be a per capita income of \$4,155. An interesting note was the insistence that beyond the \$6,000 per capita income mark, a country that had transitioned to democracy during that key period was almost certain to remain democratic indefinitely.<sup>60</sup> Economic growth and rising per capita income do not fully explain democratic emergence. Therefore, it is useful to measure the extent to which the \$4,155 threshold holds true within the Sub-Saharan African context as an additional input to assessing prospects for democracy in the region.

The undeniable reality is that democratization in Sub-Saharan Africa can be generalized as a rapid and incomplete transition. Socio-economically underdeveloped and relatively authoritarian states that struggle to control ethnically diverse populations, weak institutions that fail to effectively regulate and hold actors accountable, widespread reliance upon political clientelism and patrimonial networks and a relative lack of popular trust and faith in governance affect the make-up and functioning of electoral regimes on the continent.<sup>61</sup> This is to say that there is considerable variance with respect to the levels of democracy or autocracy within Sub-Saharan Africa. Not all Sub-Saharan African countries are struggling yet conversely, not all are thriving from a social, political or economic perspective. Considering that democracy sits at the center of an event such as the collapse of the Soviet model, the exceedingly powerful and capable foreign policies of the United States and its allies, the rising competition of Chinese influence on the African continent, and the implication that certain economic or social thresholds can assist in predicting the emergence or sustainment of certain governance types, democracy proves to be a critical topic for discussion.

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<sup>59</sup> Adam Przeworski and Fernando Limongi. "Modernization: Theories and Facts." *World Politics* 49, no. 2 (Jan., 1997): pp. 155-183. <http://www.jstor.org/stable/25053996>. pg. 160. Figures are in 1997 prices.

<sup>60</sup> Adam Przeworski and Fernando Limongi. "Modernization: Theories and Facts." *World Politics* 49, no. 2 (Jan., 1997): pp. 155-183. <http://www.jstor.org/stable/25053996>, pg. 165.

<sup>61</sup> Robert H. Bates. *Markets and States in Tropical Africa: The Political Basis of Agricultural Politics*. Berkeley and Los Angeles: University of California Press, 1981. Herbst, Jeffrey. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton: Princeton University Press, 2000. Van de Walle, Nicolas. *African Economies and the Politics of Permanent Crisis, 1979-1999*. New York: Cambridge University Press, 2001.

### C. THE CASE STUDIES

Industrialization and democratization, separately and together, transform the political, social and economic arenas. Each is a result of the specific policies of an individual country. Industrial and democratic trends highlight the ability of Sub Saharan African countries to circumvent international marginalization, redefine themselves as equal partners and establish legitimacy in the eyes of the global community despite the international competition that surrounds their development.

Assuming that as a function of national sovereignty, any individual nation chooses and implements its own policies, it can be expected that cross-nationally, patterns of industrialization and democratization will be unique. However, specific patterns of industrialization will produce variant results and consequences that affect the patterns of democracy and potentially assist in the explanation of divergent developmental trajectories as well as provide indications of more generalizable patterns across countries. The relationships between labor, entrepreneurs and the state measured in terms of dependency and incentives provide an effective view of how, why or to what level democracy has taken hold in a given country. If labor or private capitalists are independent of the state and have the capacity to exert bargaining influence, the state will be more apt to negotiate increasingly democratic characteristics in order to continue growth or at a minimum maintain the status quo. If labor or private capitalists are heavily dependent on the state, they have little incentive to “rock the boat” or “bite the hand that feeds it” by pressing for increased checks and balances within the processes of governance. The following case studies will assist in understanding what has actually occurred within selected countries with different industrial performance levels by taking a detailed look the nature of the critical three-way relationship between labor, private capitalists and the state.

For the purposes of establishing a starting point to this analysis, the countries of Sub-Saharan Africa were organized according to industrial capacity. This total capacity is measured in terms of % GDP value added for industry (industrial productivity). Data was collected from the most recent available World Bank information. Industry, in this data

set, “corresponds to ISIC divisions 10–45 and includes manufacturing (ISIC divisions 15–37). It comprises value added in mining, manufacturing, construction, electricity, water, and gas.”<sup>62</sup> The set was then broken down into high, medium and low industrial productivity sub-groups as well as placed, roughly, into one of four geographical regions, west, central, southern and eastern nations. In the interest of brevity, South Africa and Gabon were selected as high performers, Senegal as a middle performer and Burundi as a low performer. These cases present a generalizable snapshot of the divergent nature of industrialization and democratization patterns on the continent.

Each case study will be organized in a manner that first examines the basic historical democratization experience. Second, I will provide an economic and industrial capacity snapshot of each country. Third, I will discuss the appropriate placement within certain stages of modernity according to models provided by Walt Rostow, Jefferey Sachs and Michael Porter. Fourth, I will analyze the country-specific relationships between three key actors: private sector capitalists/ entrepreneurs, labor and the state/ political elites. This analysis will then assess the balance inherent to the political economy of the selected country. The balance will be addressed in terms of relative dependence or independence in line with the analysis provided by Bellin’s “contingent democrat” theory. Finally, I will examine and provide an assessment as to how the industrial characteristics contribute to Lipset’s social requisites.

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<sup>62</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources.

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### **III. HIGH PERFORMERS—SOUTH AFRICA AND GABON**

South Africa and Gabon are the first two case studies. Although each is a high industrial performer, these two countries provide drastically different examples of overall industrial capacity and democratic characteristics. South Africa, despite its exploitation of mineral deposits, is a much more diversified economy, whose characteristics contribute differently to democratic requisites than that of Gabon, whose economy is completely dominated by petroleum. The resulting patterns of democratization and current political and economic situations serve to help us understand the relationship between industrialization and democratization within the broader Sub-Saharan Africa region. The availability and utilization of minerals, gas or hydrocarbons as national revenue generators contribute significantly and divergently to the political economies and social structures on the continent.

#### **A. SOUTH AFRICA**

South Africa represents a high industrial performance country and illustrates an example of a southern region country with a diverse, relatively balanced economy and long history of democratic governance.

##### **1. Pattern of Democracy**

The Union of South Africa was formed in 1910 from British colonies and Dutch settlers known as the Boers. Apartheid was instituted in 1948 alongside the voting in of the National Party. A republic was declared in 1961 and later majority and multi-racial rule in 1994 when the African National Congress came to power. South Africa's polity IV index demonstrates a stable and durable democracy from independence in 1910 through to 1991 and increasing further to the present day.<sup>63</sup> (See Figure 1. Also, See Table 16. And Figure 6.) This increase corresponds to the 1991 abolishment of remaining apartheid legislation, a new constitution in 1993 and elections in 1994 resulting in a new

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<sup>63</sup> Monty G. Marshall and Keith Jagers. *Polity IV: Regime Authority Characteristics and Transitions Datasets*. Polity IV: Annual Time-Series 1800-2010. 2010. Polity IV 2010; Polity 2 composite score of 4 until 1991, 6 in 1992, 8 in 1993, 9 in 1994 and beyond.

President, Nelson Mandela.<sup>64</sup> Recent political events include the resignation of President Mbeki in 2008, followed briefly by the ANC General Secretary as interim president until the election of President Zuma in 2009.<sup>65</sup> Of particular note is the fact that the Congress of South African Trade Unions, the South African Communist Party, and the South African National Civics Organization represent viable entities of political pressure within the South African political system.<sup>66</sup> This is important because it represents a rare Sub-Saharan African instance of formal, large scale labor force mobilization as a formidable player within the political scene.

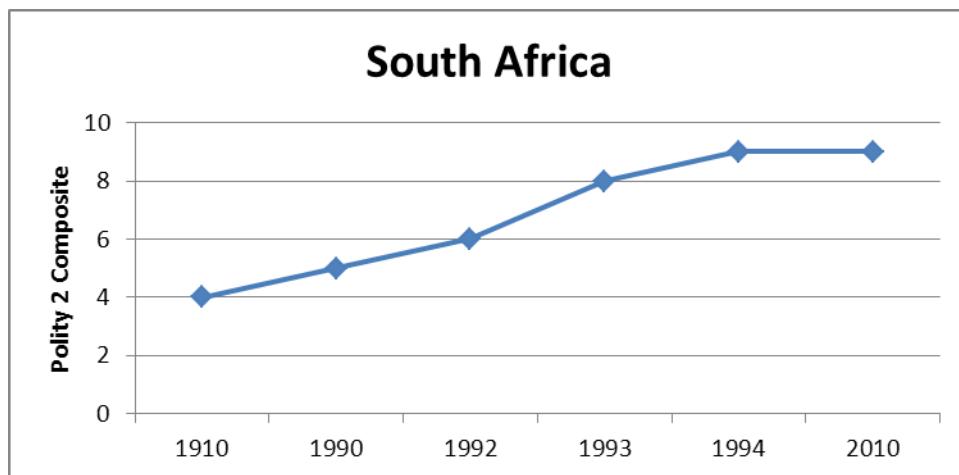


Figure 1. South Africa Polity IV data (Polity 2 Subset; From<sup>63</sup>)

## 2. Economic Snapshot and Industrial Capacity

The South African economy is diverse and comprised of a sector breakdown by contribution to GDP of 3% agriculture, 31% industry, 15% of which is manufacturing, and 66% services.<sup>67</sup> (See Table 2. Also, See Table 15. And Figure 5.) This is remarkably similar to the sector ratio averages of the advanced economies previously noted. South

<sup>64</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: South Africa." Accessed December 1, 2011, <http://www.state.gov/r/pa/ei/bgn/2898.htm>. In 1991, the Group Areas Act, Land Acts, and the Population Registration Act—the last of the so-called "pillars of apartheid" were abolished.

<sup>65</sup> "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. South Africa.

<sup>66</sup> "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. South Africa.

<sup>67</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

Africa possesses plentiful natural resources and as of 2010 does more export selling than import buying. Uniquely, South Africa also manufactures fuel from coal, which it produces. GDP per capita surpassed \$1,000 in 1973, and the \$4,155 mark in 2004. It currently sits at \$7,275.<sup>68</sup>

Service Sectors by Contribution to GDP			
	Advanced Economies	Sub-Saharan African Economies	South Africa
<b>Agriculture</b>	2%	24%	3%
<b>Industry</b>	29%	29%	31%
<b>Manufacturing</b>	16%	9%	15%
<b>Services</b>	69%	47%	66%

Table 2. Service Sectors by Contribution to GDP (From <sup>52</sup>)

### 3. Modernity Assessment

Within the context of economic development and modernity, South Africa can be considered a country with above average development and a competitor within the global economy. From a communications, connectivity and electrical production perspective, South Africa is one of the most modern countries on the continent. It produces considerably more electricity than it consumes and even exports 14.05 billion kWh annually.<sup>69</sup> Its communications system is nearly state of the art and the combined fixed and mobile phone teledensity is estimated at 110 phones to every 100 people.<sup>70</sup> South Africa also ranks 21st in the world for Internet hosts and 54th in Internet users. Its economy is diversified across the major sectors and manufacturing makes up 15% of the industrial base with agriculture comprising a mere 3% of GDP. Such diversification alleviates the volatility of single commodity or agriculture heavy exports as a main

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<sup>68</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

<sup>69</sup> "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. South Africa. Actual measured production of electricity is 238.3 billion kWh and consumption is approximately 212.2 billion kWh.

<sup>70</sup> Ibid. The communications network utilizes open-wire, coaxial, microwave, fiber-optics, radio telephone and wireless technologies.

source of national income. South Africa is not without domestic challenges in terms of economic or social indicators such as unemployment, degrading infrastructure or poverty rates. However, it is well developed in terms of sustainable capacity such that it is able to export abundant natural resources and utilize reliable financial, legal, communications, energy and transportation sectors.<sup>71</sup> South Africa's industrial exports capacity garners classification as a "catching up" country well on its way to achieving "endogenous growth" according to Jeffrey Sachs.<sup>72</sup> South Africa likely straddles the line between an investment driven and innovation driven economy. The production of innovative products and services is not yet the dominant source of competitive advantage but South Africa is able to assimilate and improve upon foreign technologies and even export machinery and equipment.<sup>73</sup> With respect to Rostow's economic development scale, South Africa has clearly entered the "drive to maturity" stage having surpassed the "takeoff" stage during the Twentieth Century.<sup>74</sup> (See Table 3. And Table 17.)

Modernization Assessment South Africa	
Sachs	Catching Up
Rostow	Drive to Maturity
Porter	Investment Driven
Electrical Production (billion kWh)	238.3
Electrical Consumption (billion kWh)	212.2
Internet (User World Rank)	54
Cell Phones Teledensity per 100 people	110

Table 3. Modernization Assessment South Africa (From <sup>69</sup>)

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<sup>71</sup> "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. South Africa.

<sup>72</sup> Sachs, Jeffrey D. "Globalization and Patterns of Economic Development." *Weltwirtschaftliches Archiv* 136, no. 4 (2000): 579-599. pg. 582.

<sup>73</sup> Porter, Michael E. *Enhancing the Microeconomic Foundations of Prosperity: The Current Competitiveness Index- Business School Stage Theory* Harvard Business School, 2002. pg. 8.; "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. South Africa.

<sup>74</sup> Nafzinger, E. Wayne. *Economic Development*. 4th ed. New York: Cambridge University Press, 2006. pg. 129.

#### **4. The Critical Relationship**

Overall, the business environment of South Africa is conducive to establishing and maintaining business yet has its challenges. Governmental regulations are slightly burdensome, access to bank loans and venture capital is slightly difficult to access and incidences of crime and violence impose significant costs on business.<sup>75</sup> The Index of Economic Freedom ranks South Africa at 74th in the world and asserts that “monetary stability is relatively strong but the government influences prices through regulation, state-owned enterprises, and other support programs. The lack of regulatory transparency still hinders investment. The legal environment is inefficient but relatively free from political interference and the threat of expropriation.”<sup>76</sup> Legal protections for borrower and lender rights is excellent and the International Finance Corporation, World Bank Group ranks South Africa in the top 20% of easiest countries in the world to do business.<sup>77</sup> Within Sub-Saharan Africa, South Africa averaged a 7 of 53 ranking between 2000 and 2010 on the Ibrahim Index for Sustainable Economic Opportunity. This index takes into account public management, the business environment and infrastructure among other variables.<sup>78</sup>

South Africa has one of the better corruption classifications on the continent and is designated at the virtual midpoint between highly corrupt and highly clean.<sup>79</sup> There is a prevalent notion that strong favoritism exists in the implementation of policies or awarding of contracts to well-connected firms or individuals yet this is not considered

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<sup>75</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. pg. 181. Indicator 1.09- Governmental Regulation burden 3 of 7; Indicator 8.04- Access to bank loans difficulty 3.2 of 7; Indicator 8.05- Venture Capital access difficulty 3 of 7; Indicator 1.14-Cost of crime and violence on business 2.1 of 7.

<sup>76</sup> The Heritage Foundation. "2011 Index of Economic Freedom: South Africa." Accessed December 1, 2011, <http://www.heritage.org/Index/Country/SouthAfrica>.

<sup>77</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. pg. 181. Indicator 8.06; 9 of 10 score. International Finance Corporation. "Doing Business: Measuring Business Regulations." , accessed December 1, 2011, <http://www.doingbusiness.org/data/exploreeconomies/south-africa>.

<sup>78</sup> Mo Ibrahim Foundation. The 2011 Ibrahim Index of African Governance 2011.

<sup>79</sup> Transparency International. "Corruption Perceptions Index 2010." Accessed November 29, 2011, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results). Corruption score- 4.5 of 10.

severe.<sup>80</sup> In this case, the relationship between the state and private capitalists begins on a relatively even playing field. However, tariff rates offset the burden of a 40% income tax rate and 28% corporate tax rate. The average industrial tariff is 4.95 % on imports. Key industrial imports such as textiles and manufactures face very high tariffs of 36.8% and 24.7% respectively. Lower tariffs exist on technology imports such as machinery, 2.14% and other scientific instruments, .21%.<sup>81</sup> (See Table 19. And Figure 7.) Combined, this overall tariff structure demonstrates a state that provides a comfortable and competitive environment for domestic industry as well as maximizes the ability to import and diffuse technology. This is a win-win situation for government and industry and illustrates a strong incentive to maintain the political status quo so as not to “rock the boat.” In a country like South Africa, where democracy is prevalent and consolidated over a long period of time, this reality bodes particularly well for continued democratic durability and steady yet subtle pressure to maintain democratic governance.

The trade union situation in South Africa is significant and truly exceptional within Sub-Saharan Africa. Unions provide the key mechanism for the labor force to organize, mobilize and collectively assert pressure on both private capitalist business leadership as well as the state. In South Africa, COSATU (Congress of the South African Trade Unions) unifies over 21 trade unions that span all sectors of the economy with approximately 1.8 million members.<sup>82</sup> These unions and their “Congress” exert extremely effective influence on employers and government. There are also other umbrella union organizations such as the Confederation of South African Worker’s Unions, the Federation of Unions of South Africa and the National Council of Trade Unions. Though employers retain the right to hire alternate workers during lockouts and the government at times has responded to strikes with heavy police intervention, union

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<sup>80</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. Indicator 1.07, 2.6 of 7 score

<sup>81</sup> International Trade Center. "Market Access Map: Average Tariff Applied by Sector." International Trade Center, accessed December 1, 2011.  
<http://www.macmap.org/Index.aspx?ReturnUrl=%2fCountry.Analysis.Results.AverageMFN.aspx>.

<sup>82</sup> United Nations. "International Labor Organization." Accessed December 1, 2011,  
<http://laborsta.ilo.org/STP/guest>.

capacity and effectiveness remains extremely high.<sup>83</sup> For example, in 2007 and 2008 metalworkers, mineworkers, textile, coal and gold production sectors pressed for and won concessions for pay raises beyond inflation rates as well as prevented layoffs due to the electricity distribution crises at the time.<sup>84</sup> To take it yet another step forward, COSATU is part of a political alliance with the African National Congress, which avails unprecedented political power for organized labor in the region.

Income inequality is severe in South Africa, which represents a source of social stratification and acts as a potential grievance to influence the political and business spheres. The income share going to the highest 20% of the population is 72.2% while only 2.5% resides with the lowest 20%. This is potentially offset by an estimated 55% labor participation rate. However, at 24.9% unemployment and a poverty rate of 23%, the cumulative strain alongside such a deep income gap provides a labor force of 18.9 million plenty of incentive to mobilize and pressure government for concessions. With an 86.4% literacy rate, they also have the ability to intelligently do so.<sup>85</sup> (See Table 20.) In addition, general consensus indicates the popular notion that pay is weakly related to productivity and unfair labor employee practices are relatively widespread.<sup>86</sup> Based upon the prevalence and historical power of the labor unions, it is a logical conclusion that the labor force as a whole considers itself disconnected from the state and employers despite an alliance between the government and COSATU. The independently powerful nature of labor in South Africa creates an overall labor force that is confident in its ability to exert political influence. It remains in a strong position to continue its engagement with entrepreneurial and political elites so as to support the advancement of its own rights and

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<sup>83</sup> International Trade Union Confederation. "Annual Survey of Trade Union Violations." Accessed December 1, 2011, <http://survey.ituc-csi.org/>.

<sup>84</sup> Scott D. Taylor. "Labor Markets in Africa: Multiple Challenges, Limited Opportunities." *Current History* (2009).

<sup>85</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>. "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

<sup>86</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. pg. 180. Indicator 7.06, 3.2 of 7.

protections, transparency in the workplace and other democratic ideals. This contributes directly to the social requisites of literacy and high participation in voluntary organizations.

Apartheid represents a key marker in the pattern of democratization within South Africa. It is particularly important for our purposes because its restrictive characteristics directly impact economic opportunity and distribution, education, employment, legal rights, political inclusion, popular mobilization, organization and social acceptance. Without question, apartheid is a critical meeting point for the state, labor, and private capitalists and provides key insight into the pressures and responses between the three and allows us a view of policies that shaped both industrial and democratic patterns. It therefore helps illustrate the relationship between the two. Though democratic governance existed prior to apartheid legislation, the democracy that existed before and during apartheid was clearly different post abolition in 1994. Similarly, industrial capacity, particularly in terms of labor power evolved considerably as well considering apartheid policies were intent on creating and consolidating a non-white, industrial working class.

Apartheid was instituted in 1948 when the National Party came to power. It formally institutionalized racial segregation and discrimination through a series of legal acts aimed at solidifying white control and reclassifying societal roles.<sup>87</sup> The many articles of legislation that followed rigidly defined and dictated, based upon color, the terms of purchasing or leasing land, marriage, residential separation, skilled labor training, forced resettlement, residential rights, citizenship and educational curriculum. These formal “acts” also directly affected the ability of non-whites to politically organize, access or achieve representation in Parliament, conduct labor strike actions, vote, receive a trial if detained or appeal to courts. Until its dissolution in 1994, apartheid effectively divided the South African population and dynamically altered the relationship between the state, labor and private capitalists. During this period, the state maintained a firm grip on controlling the balance of power, drove and funneled large numbers of blacks to the “reserves” or “homelands,” and vigorously pressed for a system of subservient, migratory

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<sup>87</sup> "The History of Apartheid in South Africa," Accessed April 1, 2012, <http://www-cs-students.stanford.edu/~cale/cs201/apartheid.hist.html>.

labor and a permanent industrial working class with a menial connection to white-dominated urban cities. “Africans could not acquire industrial and capital assets in the modern economy, but they could work in it so long as they remained detachable and migratory.”<sup>88</sup> The state even went so far as to pass legislation that attempted to capitalize and industrialize “homelands” in order to create employment in Bantu areas via the Bantu Investment Corporation Act of 1959, which would reinforce the seniority of the central government and keep non-whites out of urban centers.<sup>89</sup> The 1980s brought gradual reform and removal of apartheid legislation. In 1994, with the election of Nelson Mandela and the transition to leadership from the National Party to the African National Congress (ANC), the ANC won majorities within Parliament and at the provincial level. While there has been deliberate liberalization of social and economic policies in the Government of National Unity, an uneasy transformation continues in a now post-apartheid South Africa.

In the case of South Africa, the relative power between the state, private capitalists and labor is basically balanced. The state is strong and relies upon democratic institutions for legitimacy and accountability. It provides a comfortable and profitable environment for private capitalists and has the ability to protect, hold accountable and influence business and labor. Industrial entrepreneurs are able to take advantage of the tariff structure, legal protections and overall positive business environment, turn a profit, employ a largely skilled workforce and contribute significantly to GDP. The diversification they provide is relied upon by the state to mitigate commodity price volatility and by labor for employment and organization. Labor in South Africa is highly organized, protected and able to exert effective influence on both business leaders and the political realm. They provide a reliable, sturdy backbone to a diversified economy and relatively stable democracy. This is perhaps highlighted by the imbalance that existed during the apartheid era whereas the arguably democratically elected state authorities

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<sup>88</sup> Madavo, Callisto E. "Government Policy and Economic Dualism in South Africa." *Canadian Journal of African Studies / Revue Canadienne Des Études Africaines* 5, no. 1 (1971): pp. 19-32. <http://www.jstor.org/stable/484048>. pg. 22 and 23.

<sup>89</sup> Cornell, Margaret. "The Statutory Background of Apartheid: A Chronological Survey of South African Legislation." *The World Today* 16, no. 5 (May, 1960): pp. 181-194. <http://www.jstor.org/stable/40393230>. pg. 182.

implemented policies that reversed democratic ideals, suppressed the business environment and discriminated against the majority of the South African population. At the macro level, this balanced relationship helps us understand how characteristics of industrial capacity, such as a skilled, educated and organized workforce, economic diversification, capitalist methods, increased per capita and gross domestic revenue contribute to the stability or instability of the social, economic and political arenas.

## **5. Analysis of Lipset's Requisites**

Elements from within this case study apply to each element of my analysis of South Africa's satisfaction of Lipset's social requisites. Median levels of corruption, a large income gap, unemployment and popular notions of actual productivity having little to do with monetary compensation in the workforce shine a negative light on the openness of the class system or a pervasive egalitarian value system and detract from democratic characteristics. The apartheid era, also, is a critical contributor to these two social elements. Nearly a half-century of centrally institutionalized segregation is not easily undone. The dismantling of apartheid legislation throughout the 1980s and the 1994 all-race elections officially leveled the playing field and now legitimately protect an open class system. A pervasive egalitarianism value system, though, remains a work in progress. However, a conducive business environment, the relative ease of doing business both domestically and internationally, regionally high per capita incomes and being ranked, on average, one of the top 7 countries in Sub-Saharan Africa since 2001 in terms of sustainable economic opportunity demonstrates a functioning capitalist economy and the ability to build and expend economic wealth. Such sustained economic growth and development will likely go a long ways to consolidating a pervasive South African egalitarian value system. This assessment takes into consideration slightly obtrusive governmental regulation and difficulties gaining access to bank loans or venture capital. Without question, South Africa has exceedingly high participation in voluntary organizations due to the strength and prevalence of organized labor as well as its capacity and power within the political establishment. Arguably, apartheid era repression of the overwhelming majority of the labor force contributes to the post-apartheid strengthening of political power for organized labor, which is without peer on the continent. Despite the

discriminatory educational system under apartheid, South Africa has an 86.4% literacy rate. This ensures that the population may communicate and acquire the skills necessary to be of service or productive from a social, political or economic perspective. As the educational system adjusts to post-apartheid reforms, one must assume that the literacy rate will continue to grow and thus have an overall positive effect on the political economy. In sum, South Africa has partially satisfied the requisites for an open class system and pervasive egalitarianism. It has fully satisfied the requisites for economic wealth, a capitalist economy, high literacy and high participation in voluntary organizations. (See Table 4. And Table 14.)

<b>Satisfaction of Lipset's Requisites &amp; Bellin's Balance- South Africa</b>	
	<b>South Africa</b>
<b>Open Class System</b>	Partial
<b>Egalitarian Value System</b>	Partial
<b>Economic Wealth</b>	Yes
<b>Capitalist Economy</b>	Yes
<b>Literacy</b>	Yes
<b>High Participation in Voluntary Organizations</b>	Yes
<b>Balance (Bellin)</b>	Yes

Table 4. Satisfaction of Lipset's Requisites & Bellin's Balance- South Africa

## B. GABON

Gabon is the second representative case study for the high-performing sub-group. It is a central African country with historically autocratic governance making a very recent transition to democracy whose industrial make-up is dominated by oil and mineral extraction over manufacturing.

### 1. Pattern of Democracy

Gabon has a stable history of autocracy since independence from France in 1960 yet is now described as a democratic republic. Following independence, Gabon navigated a political process that witnessed the actual consolidation of two primary political parties down to one, a subsequent coup, which was immediately reversed by French intervention

and then the election in 1964 of Leon M'Ba of the Bloc Democratique Gabonais (BDG party).<sup>90</sup> Upon President M'Ba's death in 1967, El Hadj Omar Bongo Ondimba, came to power and ruled a one-party state until introducing multi-partyism in the early 1990s. Key milestones in the return path to multi-partyism were the dissolution of the BDG party and establishment of the Gabonese Democratic Party (PDG), the April 1990 political conference, which was a result of public demonstrations and introduced major democratic reforms, and the Paris Accords in 1994, also the result of civil disturbance.<sup>91</sup> The Gabonese Democratic Party (PDG) dominates the political arena and maintains control over the National Assembly and Regional governments.<sup>92</sup> Potentially fraudulent elections continued until Bongo's death in 2009 when his son Ali Ben Bongo was elected with 42% of the vote. Two rival competitors achieved approximately 25% of the vote each. Of particular note, as per constitutional requirement, the president of the senate assumed control of the government upon the death of Bongo senior until elections could be held only a few months later. In Gabon, the president appoints the prime minister and provincial governors and there are no term limits on the presidency.<sup>93</sup> Gabon's polity IV scores mirror this snapshot. (See Figure 2. Also, See Table 16. And Figure 6.) They indicate a decreasingly autocratic form of governance stemming from 1990 that based upon the 2009 elections and constitutional adherence to power transition procedure turned positive for democratic measurement.<sup>94</sup> However, these scores remain appropriately low considering the tumultuous nature of multi-partyism in Gabon, the dominance of the Bongo led PDG party and the influence of the executive down through the provinces.

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<sup>90</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: Gabon," Accessed April 9, 2012, <http://www.state.gov/r/pa/ei/bgn/2826.htm>.

<sup>91</sup> Ibid.

<sup>92</sup> U.S. & Foreign Commercial Service and U.S. Department of State. *Doing Business in Gabon: 2011 Country Commercial Guide for U.S. Companies*, 2011.

<sup>93</sup> Central Intelligence Agency, The World Factbook. "Gabon," Accessed April 9, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/gb.html#top>.

<sup>94</sup> Monty G. Marshall and Keith Jagers. *Polity IV: Regime Authority Characteristics and Transitions Datasets*. Polity IV: Annual Time-Series 1800-2010. 2010. Polity 2 composite score of -4 to 3 from 2008 to 2010

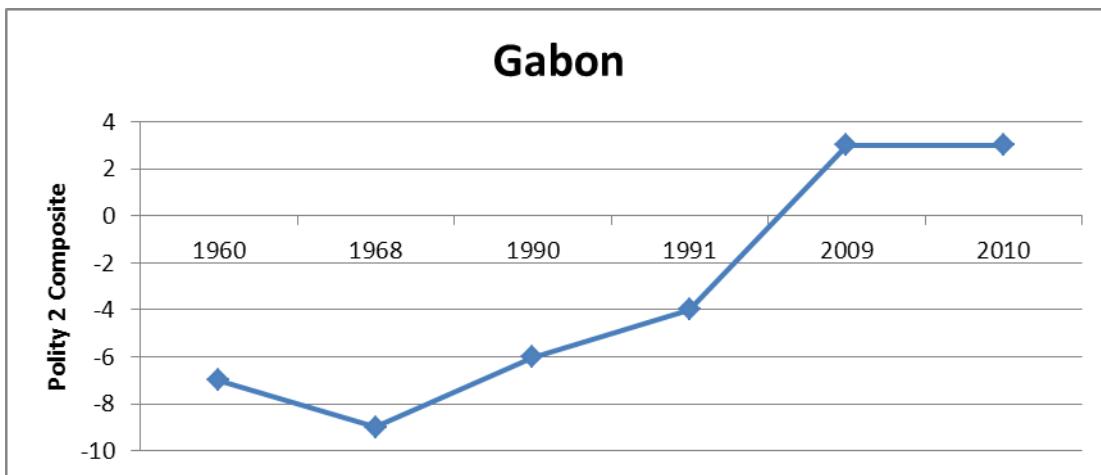


Figure 2. Gabon Polity IV data (Polity 2 Subset; From <sup>63</sup>)

## 2. Economic Snapshot and Industrial Capacity

The Gabonese economy is based largely upon oil whose revenues comprise roughly 46% of the government's budget, 43% of gross domestic product, and 81% of exports.<sup>95</sup> Economic sectors as contributors to GDP are 4% agriculture, 54% industrial, 4% of which is considered manufacturing, and 42% services.<sup>96</sup> (See Table 5. Also, See Table 15. And Figure 5.) Minerals and timber are also leading industries, although the overwhelming breadwinner is the petroleum sector despite decreasing production as of the late 1990s.<sup>97</sup> The decrease in the production of oil has sparked domestic concerns over the extreme lack of economic diversity, generated state-led efforts to develop alternate sources for income as well as state-led streamlining of barriers to foreign investment in further petroleum and mineral prospecting.

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<sup>95</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: Gabon," Accessed April 9, 2012, <http://www.state.gov/r/pa/ei/bgn/2826.htm>.

<sup>96</sup> The World Bank. "Data Indicators: Gabon," Accessed April 10, 2012, <http://data.worldbank.org/country/gabon>.

<sup>97</sup> U.S. & Foreign Commercial Service and U.S. Department of State. *Doing Business in Gabon: 2011 Country Commercial Guide for U.S. Companies*, 2011.

Service Sectors by Contribution to GDP			
	Advanced Economies	Sub-Saharan African Economies	Gabon
<b>Agriculture</b>	2%	24%	4%
<b>Industry</b>	29%	29%	54%
<b>Manufacturing</b>	16%	9%	4%
<b>Services</b>	69%	47%	42%

Table 5. Service Sectors by Contribution to GDP (From <sup>52</sup>)

### 3. Modernity Assessment

The political leadership of Gabon openly acknowledges the lopsided nature of the economy, poor infrastructure, average communications capacity, and the necessity for economic diversification through value added industrial development. President Bongo announced his economic plan though the “Gabon Emergent” initiative of 2009. In it, he proposed a three-pronged approach to modernize, emerge as an economic power by 2025 and compete effectively in the global economy.<sup>98</sup> President Bongo addresses the country’s current status as a primary producer, the limited petroleum reserves, and other constraints on its path to modernity. Gabon operates at a slight electricity surplus producing 1.963 billion kWh while consuming 1.6 billion kWh.<sup>99</sup> A minimalist communications infrastructure lags behind peer African nations yet is sufficient for present needs. Only 10% of the population utilizes the Internet, which supports a global rank in terms of Internet use at 160th. Also, cell phone teledensity is estimated at a 1 to 1 ratio.<sup>100</sup> Gabon is clearly a “factor-driven” economy yet its large income provides the ability to move quickly into the “investment-driven” stage of development.<sup>101</sup> Sachs

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<sup>98</sup> The Republic of Gabon Government. *Gabon Emergent: 2009*. Gabon: A Country of Opportunity. Libreville, Gabon: 2009. pg 3.

<sup>99</sup> Central Intelligence Agency, The World Factbook. "Gabon," Accessed April 9, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/gb.html#top>.

<sup>100</sup> Ibid.

<sup>101</sup> Michael E. Porter. Enhancing the Microeconomic Foundations of Prosperity: The Current Competitiveness Index- Business School Stage Theory Harvard Business School, 2002. pg. 8.

would classify Gabon as a “resource-based grower” or “primary producer.”<sup>102</sup> By Rostow’s classification, Gabon rests firmly in the “pre-conditions” stage. (See Table 6. And Table 17.) However, such conditions seem to be moving into place as the limitations on oil have provided a catalyst for state and political elites to actively pursue economic development. This can be expected to contribute significantly to overcoming the many barriers to steady growth and quite possibly have a unifying effect on the nation as they collectively work to battle such a formidable economic challenge.

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<sup>102</sup> Jeffrey D. Sachs. "Globalization and Patterns of Economic Development." *Weltwirtschaftliches Archiv* 136, no. 4 (2000): 579-599. pg. 582 and 583.

Modernization Assessment Gabon	
<b>Sachs</b>	Resource Based
<b>Rostow</b>	Pre-Conditions
<b>Porter</b>	Factor Driven
<b>Electrical Production (billion kWh)</b>	1.963
<b>Electrical Consumption (billion kWh)</b>	1.6
<b>Internet (User World Rank)</b>	160
<b>Cell Phones Teledensity per 100 people</b>	100

Table 6. Modernization Assessment Gabon (From <sup>99</sup>)

#### 4. The Critical Relationship

Gabon can be considered an upper-middle income country with a per capita GDP measured at approximately \$7,760 whose business environment is quite challenging for entrepreneurs.<sup>103</sup> It is not conducive to investment or profit maximization for either domestic or international companies unrelated to the oil related sector. Because so little domestic capacity exists, Gabon is virtually reliant upon foreign companies to extract and exploit its petroleum resources. Also, as Gabon struggles with its lack of economic diversity, it must reach out to the international world for much needed investment. “Diversification attempts have been largely unsuccessful due to high labor costs, non-tariff trade barriers, corruption, lack of skilled labor and entrepreneurial experience.”<sup>104</sup> Gabon’s vulnerability leads to increased opportunities for foreign investment as it strives to expand offshore oil exploration, for which it eased licensing requirements 2010, iron ore mining, wood-based manufacturing, palm oil processing and telecommunications.<sup>105</sup> Unfortunately, the IFC ranks Gabon 156th of 183 countries in terms of ease of doing

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<sup>103</sup> The World Bank. "Data Indicators: Gabon," Accessed April 10, 2012, <http://data.worldbank.org/country/gabon>.

<sup>104</sup> U.S. & Foreign Commercial Service and U.S. Department of State. *Doing Business in Gabon: 2011 Country Commercial Guide for U.S. Companies*, 2011.

<sup>105</sup> Ibid.

business. Gabon declined in 6 of 10 individual indicators from 2011 yet managed to impressively jump 41 positions in terms of “getting credit.”<sup>106</sup> In consonance with general expectations for a country with its post-independence, centralized, de facto single party political record, Heritage characterizes the Gabonese economy as “mostly unfree” with an overall score of 56.4, a 113 of 179 World ranking and places it at 17th of 46 economies within Sub-Saharan Africa. Heritage further highlights the intrusiveness of the state in the business and domestic markets. The state influences prices and subsidizes state-owned enterprises and maintains control of the development bank with no legitimate domestic, private capital source. Additionally, a lack of judicial transparency, sporadic enforcement of property rights laws, cumbersome administrative procedures, a poorly functioning labor market and pervasive corruption severely restrain the business environment and economic growth in general.<sup>107</sup> Corruption is widespread. Transparency International rates Gabon a “highly corrupt” country with an overall score of 2.8 of 10.<sup>108</sup> The sustainability of economic opportunity is also major concern for Gabon. The Ibrahim Index, which is a composite of assessments considering public management, the business environment, infrastructure and the rural sector, consistently ranks Gabon in the bottom 30% of Sub-Saharan Africa.<sup>109</sup> (See Table 20.) Beyond the composite assessment pillars, this is most likely also due in part to the heavy reliance upon oil, the increasingly evident declining availability of proven reserves and the lack of economic diversity.

As previously mentioned, the state is both corrupt and highly intrusive in domestic business markets. With respect to the tariff structure, Gabon institutes the highest tariffs as compared to our other case studies, across the majority of selected import examples. The income tax and corporate tax rates are 35%. Minerals, textiles,

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<sup>106</sup> International Finance Corporation. "Ease of Doing Business in Gabon," Accessed April 10, 2012, <http://www.doingbusiness.org/data/exploreeconomies/gabon>. Starting a business 154 -156, getting electricity 136-137, registering property 131-134, protecting investors 153-155, paying taxes 137-141, trading across borders 132-133.

<sup>107</sup> The Heritage Foundation. "2012 Index of Economic Freedom: Gabon," Accessed April 10, 2012, <http://www.heritage.org/index/country/gabon>.

<sup>108</sup> Transparency International. "Corruption Perceptions Index 2010," Accessed November 29, 2011, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results).

<sup>109</sup> Mo Ibrahim Foundation. *The 2011 Ibrahim Index of African Governance* 2011. Average rank for Gabon is 39.3 of 53 over this period.

manufactures, machinery and instrument tariffs stand at 10.4%, 26.8%, 29%, 12.3% and 8% respectively. The average industrial tariff is 14% and the average agricultural tariff is 17.1%.<sup>110</sup> (See Table 19. And Figure 7.) Such elevated tariffs suggest that the Gabonese government is making it much more difficult to import overall, thus constraining the business environment. One can assume that this is both deliberate and potentially predatory in the face of a drop off in the availability of its core “rent” or the result of minimal economic regulatory competence. This effort is either directed at protecting domestic producers or maximizing government revenue to protect against future decreases in revenue when the oil reserves are depleted. Regardless, such high tariffs are unusual considering the growing need for diversification, technology transfer, foodstuffs and foreign direct investment. The data supports the assessments made by the IFC and the Heritage Foundation. Also, the analysis of this tariff structure supports the finding that the Gabonese state is in a weakened position relative to business and labor.

The Gabonese labor market is unique for many reasons. It is exceptionally small and primarily urbanized yet not overly skilled. The population is estimated at only 1.5 million and largely centered in Libreville, Port-Gentil and Franceville.<sup>111</sup> The actual labor force is estimated to be approximately 713,796 and 35% of it is devoted to agriculture, which contributes only 5% of GDP.<sup>112</sup> Unemployment is estimated at 21%.<sup>113</sup> The labor force, though minuscule, is permitted to organize into unions and has a decisive arm via the oil sector workers. Several trade unions exist and there have been historical accounts of effective pressuring of the government for either concessions or as a response to displeasure with a single party political structure. Port-Gentil is the critical oil hub, home to approximately 200,000 Gabonese and considered the economic capital

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<sup>110</sup> International Trade Center. "Market Access Map: Average Tariff Applied by Sector." International Trade Center, accessed December 1, 2011.

<http://www.macmap.org/Index.aspx?ReturnUrl=%2fCountry.Analysis.Results.AverageMFN.aspx>.

<sup>111</sup> The Republic of Gabon Government. *Gabon Emergent: 2009*. Gabon: A Country of Opportunity. Libreville, Gabon: 2009. Estimated populations for Libreville- 500,000, Port-Gentil- 200,000 and Franceville 100,000

<sup>112</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: Gabon," Accessed April 9, 2012, <http://www.state.gov/r/pa/ei/bgn/2826.htm>.

<sup>113</sup> Central Intelligence Agency, The World Factbook. "Gabon," Accessed April 9, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/gb.html#top>.

of Gabon. Strikes and protests in this area can be extremely effective. In 1990, in response to protests and riots, particularly in Port-Gentil, the state acquiesced to popular demands and grievances by agreeing to a national conference that led to political reform via multi-party elections later that year.<sup>114</sup> Reliance upon oil and its work force is a key characteristic for the power of the oil-related labor organizations. The Organisation Nationale des Employés du Petrole (ONEP) is considered a powerful, emerging umbrella oil union that has achieved important reforms by the government as late as 2010. These reforms instituted limitations on the number of foreign workers authorized to hold jobs in the Gabonese oil market.<sup>115</sup> This can be a double-edged sword in the aggregate because the state needs to import the technical skill and FDI to keep the oil industry going yet labor seeks to protect itself and the availability of jobs for the domestic workforce. The concern with the pressure power of this sector specific union is that the oil industry employs so few domestic workers and the skills required for employment are relatively high. In this instance, the real power exists with only a small section of the labor force and is susceptible to co-optation or being bought out as a whole, which leaves the remainder of the non-resource based labor organization with little ability to influence the political realm.

Gabon is a premier example of the rentier state. Its income, economic diversity, labor, state and business characteristics highlight the susceptibility to volatile commodity markets, poor governance and the challenges of relying upon a finite and dwindling resource. A strange dynamic exists in the relationship between the state, labor and entrepreneurs in the case of Gabon. It cannot be described as balanced by any means yet opportunity for effective pressure on and political concessions from a highly involved state apparatus exist. The state has the controlling stake mainly due to the patrimonial ties of the executive down to the provinces and throughout the petroleum sector. The state

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<sup>114</sup> Filip Reyntjens. "The Winds of Change. Political and Constitutional Evolution in Francophone Africa, 1990-1991." *Journal of African Law* 35, no. 1/2, Recent Constitutional Developments in Africa (1991): pp. 44-55. <http://www.jstor.org/stable/745493>. pp. 47-48; Michael Bratton and Nicolas van de Walle. "Popular Protest and Political Reform in Africa." *Comparative Politics* 24, no. 4 (Jul., 1992): pp. 419-442. <http://www.jstor.org/stable/422153>. pg. 422 and 433.

<sup>115</sup> Thalia Griffiths. "Africa: Lessons Learned." (March 5 2012, 2012): April 10 2012. <http://allafrica.com/stories/201203071124.html>

holds a firm grip on the critical economic element, oil. However, the widespread notion that oil may cease to be available as a central resource in the near term is a catalyst for change. Business leaders and labor stand to benefit a great deal from the vulnerability of the state. Tariff structures are such that domestic expansion into alternate industries is protected. The state is actually becoming increasingly reliant upon this expansion and is taking action to support domestic actors in terms of targeted industry development, special economic zones, energy capacity expansion, telecommunications investment, health programs and education initiatives.<sup>116</sup> Unfortunately, the business environment is far from secure. It is very difficult for entrepreneurs to start up and navigate such a heavily regulated and inefficient structure. The labor force is highly unskilled and extremely limited in size at a mere 700,000 persons. Challenges in terms of scale and skill provide the major obstacle to Gabon. Though its petroleum sector provides a decisive arm of influence, the remainder of the Gabonese labor force will remain at a disadvantage until diversification takes hold or the oil runs out. The state is seemingly desperate to expand its sector composition yet limited to foreign investment as a result of insufficient domestic human and physical capital. The anticipated depletion of the petroleum sector causes a major concern for the Gabonese political establishment. It finds itself in the position whereas it must either develop meaningful alternatives for income replacement or attempt to explore untapped reserves. Gabon has ventured in both directions particularly in wood products and iron ore.<sup>117</sup>

The current reliance upon a dwindling resource significantly detracts from the states bargaining power with private capitalists and labor forces, which, in turn, bolsters the potential for increases in democratic procedures. In this sense, the economic circumstances have the potential to directly affect a rise in legitimate democratic governance. Because the state is in a weakened position relative to business and labor due to the critical need for diversification beyond petroleum reliance, it is all the more susceptible to pressure for democratic political reform. The minimal capacity of labor is a

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<sup>116</sup> The Republic of Gabon Government. *Gabon Emergent: 2009. Gabon: A Country of Opportunity.* Libreville, Gabon: 2009. pg. 4-7.

<sup>117</sup> U.S. & Foreign Commercial Service and U.S. Department of State. *Doing Business in Gabon: 2011 Country Commercial Guide for U.S. Companies*, 2011.

notable concern. It is small and relatively unskilled, which creates a problem for hiring into an expanding industrial sector. This could lead to further challenges with imported labor and a disproportional strengthening of the business-government relationship. While the results or effectiveness of the current conditions are far from certain, the opportunity exists to influence the balance of power in a manner that detracts from state dominance and provides for a more equitable relationship between the three groups.

## 5. Analysis of Lipset's Requisites

Gabon's political, social and economic characteristics in the context of industrial capacity, particularly the lack of industrial diversity meets Lipset's social requisites only in part. The Gabonese class system is likely considered only partially open due to constraints provided by endemic corruption, institutionalized patrimonial networks and what is most assuredly obstacle-laden social mobility. In terms of the pervasiveness of an egalitarian value system, Gabon likely suffers due to high-income inequality and a 32% poverty rate.<sup>118</sup> The dominance of the oil industry creates a social, political and economic divide amongst a small and largely urbanized population. Though spread across 40 ethnic groups, virtually all Gabonese are of Bantu origin, and the overwhelming majority speaks French, which adds to unity in a sense.<sup>119</sup> The intrusiveness of the government in tariff structures, price manipulations, favoring of state-owned enterprises and corruption rates detracts from the overall capitalist nature of the Gabonese economy. It is extremely challenging to do business and the current reliance upon the petroleum sector in conjunction with historically poor governance and fiscal management is unsustainable. Competition is constrained. As for economic wealth, though, Gabon has one of the highest per capita income levels in Africa. Nationally speaking, this statistic is overtly positive yet as discussed above, income disparity is relatively severe. This combined with an exceedingly small population diverts from the reality that economic wealth rests in the

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<sup>118</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: Gabon," Accessed April 9, 2012, <http://www.state.gov/r/pa/ei/bgn/2826.htm>. 90% of income is consumed by 20% of the population. The World Bank. "Data Indicators: Gabon," Accessed April 10, 2012, <http://data.worldbank.org/country/gabon>. Ginin coefficient of 41.5, 2005 data.

<sup>119</sup> Ibid.

hands of a select few Gabonese elites. Gabon enjoys an 88% literacy rate, which is up from a 1993 rate of 72% and contributes significantly to popular ability to be of service or productive within the economy.<sup>120</sup> The required domestic skills and technology for specific industrial work such as the petroleum or mining sectors is decidedly lacking, however and reliance falls upon the international community for uniquely skilled labor and technology transfer. Means and opportunity to mobilize and participate in the political process exist in Gabon yet are either sector specific in terms of effectiveness or are political parties authorized by political reform as recent as the 1990s. In sum, Gabon satisfies the requisites of economic wealth and literacy. It partially satisfies the requisites for pervasive egalitarianism, high participation in voluntary organization and a capitalist economy. (See Table 7. And Table 14.)

<b>Satisfaction of Lipset's Requisites &amp; Bellin's Balance- Gabon</b>	
	<b>Gabon</b>
<b>Open Class System</b>	Partial
<b>Egalitarian Value System</b>	Partial
<b>Economic Wealth</b>	Yes
<b>Capitalist Economy</b>	Partial
<b>Literacy</b>	Yes
<b>High Participation in Voluntary Organizations</b>	Partial
<b>Balance (Bellin)</b>	Partial

Table 7. Satisfaction of Lipset's Requisites & Bellin's Balance- Gabon

### C. A BRIEF COMPARISON: SOUTH AFRICA AND GABON

It is useful at this point to discuss how Gabon and South Africa compare and contrast in light of the fact that each is considered a high industrial performer yet via different means. My core hypothesis is that industrialization, as a process of economic diversification, is a necessary condition for modernization and development, which then shapes the conditions for the emergence and sustainment of democracy in Sub-Saharan Africa. By extension, industrialization is not dependent upon democratization; however, successful democratization is dependent upon diversified industrialization. Gabon, the oil

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<sup>120</sup> "The U.S. Department of State. Diplomacy in Action. Background Note: Gabon," Accessed April 9, 2012, <http://www.state.gov/r/pa/ei/bgn/2826.htm>.

dependent, “rentier” state, lacks the sector diversity that South Africa demonstrates. This correlates to the different ways in which they each satisfy or fail to satisfy certain social requisites provided by Lipset and how that contributes to democracy. The comparison of these two case studies in particular highlights the significance of the requisites of a capitalist economy and high participation in voluntary organizations. Gabon and South Africa both partially satisfy the requisites for an open class system and pervasive egalitarianism as well as satisfy the requisites for economic wealth and literacy. They markedly differ with respect to the capitalist nature of their economies and participation in voluntary organizations.

The South African economy is considerably more capitalist than the Gabonese. The South African situation can be characterized as a business environment conducive to competition and profit maximization and sustainable economic opportunities that are spread across multiple sectors. Government regulation is not completely free market in practice but remains tolerable overall and is able to serve the needs of all three major groups simultaneously. The Gabonese situation is much less positive. Comparatively, its government is highly intrusive in terms of confusing tariff structures considering their contemporary needs, price manipulations, the favoring of state-owned enterprises and corruption rates. The Gabonese economy is unsustainable, over-regulated and heavily biased towards petroleum.

South Africa has exceedingly high participation in voluntary organizations due to the strength and prevalence of organized labor as well as its capacity and power within the political establishment. COSATU and other umbrella trade unions effectively represent massive amounts of the labor force in the business and political spheres. By contrast, in Gabon, while employment in the petroleum sector is not prohibitively closed off, it requires highly skilled individuals in relatively small numbers. Unfortunately, this sector holds the primary attention of the state and offers the single opportunity for effective pressure by organized labor or business elites. The specific level of power and influence by business and labor in this sector does not transfer to the labor force as a whole.

The crucial difference lies in the manner in which these two requisites, satisfied in the case of South Africa yet merely partially satisfied in the case of Gabon, severely disrupts the critical balance amongst the major groups in Gabon. In Gabon, the lopsided reliance upon oil is highly constraining. In this case, the relationship between the state and the petroleum sector's business leaders and labor force is disproportionate to that of the remainder of the economy. Support bases for each group are compartmentalized and the interdependency of the major groups is fractionalized. This ensures a situation where political elites, the entire labor force and entrepreneurs are unable to equitably hold each other accountable. Thus, a core tenet of democracy has not been achieved. South Africa, by contrast, achieves relative balance because the three are basically interdependent and accountability mechanisms exist for each. The success of each group is contingent upon input from all three. The South African state ensures a business environment conducive to competition and profit, as well as training and protections for its labor force. Private capitalists then expand into multiple sectors to make profits, which creates jobs for labor and provides diversification that is relied upon by the state for taxes and to mitigate commodity price volatility. Labor is able to effectively participate via the opportunistic job market and then organize in massive numbers across the many sectors that each have a stake in the conducive business environment and strong incentives for pressuring government to keep it that way. In this context, a diversified, industrial job market provides a key means for mass participation in the business, social and political arenas.

## **IV. MIDDLE PERFORMER—SENEGAL**

Senegal represents the lower end of the industrial middle-performing sub-group and provides an example of a western African country whose transition to democracy has been heavily strained for nearly 80% of its post-independence existence. Its autocratic tendencies remain despite governance flirtation with the democratic process.

### **A. PATTERN OF DEMOCRACY**

The Republic of Senegal achieved its full independence from France in 1960 after a failed merger with Mali. Senegal would later attempt to coalesce with The Gambia in 1982, yet that too would dissolve by 1989. In the meanwhile, President Leopold Senghor was elected in 1960 and led the Senegalese Democratic Bloc party. This political party was socialist in nature and founded alongside Mamadou Dia, a political ally of Senghor. Dia would serve as the first prime minister of post-independence Senegal yet was quickly removed following a perceived coup attempt in 1962. Senghor consolidated his power and served until his resignation in 1980 turning over power to his personally chosen successor Abdou Diop.<sup>121</sup> Over the course of his extended tenure spanning four terms through 2000, Diop would gradually liberalize the country, which increased political participation yet continue to strain the political environment as a whole. Diop's governing style consisted of suppressed coalition building, arrests of opposition leaders and alleged electoral fraud in subsequent elections. Abdoulaye Wade came to power via presidential elections in 2000, which were considered free and fair and represented a consolidation of democracy in the transition of power to an opposition party, the Senegalese Democratic Party (PDS). Since election, president Wade's governance has been characterized as increasingly autocratic due to his amending of the constitution and seeking to increase executive power while suppressing all opposition.<sup>122</sup> Polity IV data reinforces this description showing a gradual decrease in autocratic scores over the course of Senghor

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<sup>121</sup> "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. "The U.S. Department of State. Diplomacy in Action. Background Note: Senegal." Accessed November 29, 2011, <http://www.state.gov/r/pa/ei/bgn/2862.htm>.

<sup>122</sup> Ibid.

and Diof's presidencies. (See Figure 3. Also, See Table 16. And Figure 6.) The election of president Wade in 2000 marks a significant jump in democratic score, which has since decreased upon his re-election in 2007.<sup>123</sup> As of April of 2012, Macky Sall has taken office after defeating Wade in an attempted bid for a third term made possible by his altering of the constitution.

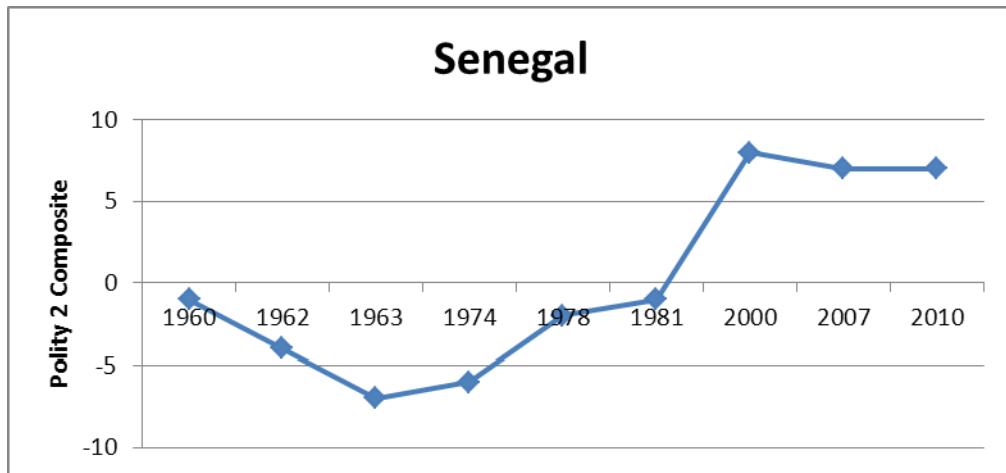


Figure 3. Senegal Polity IV data (Polity 2 Subset; From<sup>63</sup>)

## B. ECONOMIC SNAPSHOT AND INDUSTRIAL CAPACITY

The Senegalese economy is based primarily upon foreign assistance, industrial fishing, tourism, services and mining. Of contributions to GDP, 17% comes from agriculture, 22% industry, 13% of which is manufacturing and 61% services. (See Table 8. Also, See Table 15. And Figure 5.) Of particular note, 77.5% of the employed population is devoted to agriculture while 22.5% is involved in industry or services. Senegal, as of 2007, has an estimated unemployment rate of 48%.<sup>124</sup> GDP per capita in

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<sup>123</sup> Monty G. Marshall and Keith Jagers. *Polity IV: Regime Authority Characteristics and Transitions Datasets*. Polity IV: Annual Time-Series 1800-2010. 2010.

<sup>124</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>. "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

Senegal has remained basically on par with Sub-Saharan African trends. It surpassed the \$1000 mark in 2007 and currently rests at \$1,041, slightly below the Sub-Saharan African average of \$1301.<sup>125</sup>

<b>Service Sectors by Contribution to GDP</b>			
	<b>Advanced Economies</b>	<b>Sub-Saharan African Economies</b>	<b>Senegal</b>
<b>Agriculture</b>	2%	24%	17%
<b>Industry</b>	29%	29%	22%
<b>Manufacturing</b>	16%	9%	13%
<b>Services</b>	69%	47%	61%

Table 8. Service Sectors by Contribution to GDP (From <sup>52</sup>)

### C. MODERNITY ASSESSMENT

Within the context of economic development and modernity, Senegal can be considered a slowly developing country and a marginal player within the global economy. Its economy is diversified across the major sectors and manufacturing makes up 13% of the industrial base. However, agriculture remains a major income source comprising 17% of GDP and over 77% of the formal labor force. It is also heavily dependent upon foreign assistance and struggles to update its infrastructure capacity to create more reliable conditions for industrial expansion into mining, chemicals and petroleum products.<sup>126</sup> Senegal is therefore, highly susceptible to the volatility of the commodity markets and the willingness of donors to continue donating. While it is taking advantage of Highly Indebted Poor Countries debt relief and the benefits provided by the Millennium Development Challenge Account, Senegal remains a “factor driven economy” working towards setting the conditions for sustainable economic growth and gaining competitive advantage primarily through low-cost labor or natural resource

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<sup>125</sup> Ibid.

<sup>126</sup> "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. Senegal.

access.<sup>127</sup> Sachs would most likely classify Senegal as a candidate to fall into “Malthusian decline” due to its total fertility rate of 4.7, a very high likelihood of contracting an infectious disease and health expenditures accounting for only 5.7% of GDP.<sup>128</sup> Efforts to increase transport and agricultural investments as well as the expansion of imports to transfer technology are occurring yet the Senegalese economy and society have yet to be radically transformed as a whole. Cities such as Dakar are progressive yet overall, Senegal’s urban population rate is only 42% and increasing by approximately 3% annually.<sup>129</sup> This likely places Senegal in the latter portion of the “preconditions stage,” according to Rostow. From a basic technology and connectivity perspective, Senegal has above average electricity, telephone and Internet capacity. Senegal’s teledensity ratio is better than 1 to 1, ranking 80th in the world. Internet usage is relatively confined to 1.8 million of Senegal’s 13 million people and ranks 76th worldwide. They also operate at an electrical surplus producing approximately 2.232 billion kWh and consuming 1.763 billion kWh.<sup>130</sup> (See Table 9. And Table 17.)

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<sup>127</sup> Porter, Michael E. *Enhancing the Microeconomic Foundations of Prosperity: The Current Competitiveness Index- Business School Stage Theory* Harvard Business School, 2002. pg. 8.; “Central Intelligence Agency, the World Factbook,” Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. Senegal.

<sup>128</sup> Sachs, Jeffrey D. "Globalization and Patterns of Economic Development." *Weltwirtschaftliches Archiv* 136, no. 4 (2000): 579-599. pg. 582. Central Intelligence Agency, the World Factbook,” Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. Senegal.

<sup>129</sup> Central Intelligence Agency, the World Factbook,” Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. Senegal.

<sup>130</sup> Ibid.

<b>Modernization Assessment Senegal</b>	
<b>Sachs</b>	Malthusian Decline
<b>Rostow</b>	Pre-Conditions
<b>Porter</b>	Factor Driven
<b>Electrical Production (billion kWh)</b>	2.232
<b>Electrical Consumption (billion kWh)</b>	1.763
<b>Internet (User World Rank)</b>	76
<b>Cell Phones Teledensity per 100 people</b>	100+

Table 9. Modernization Assessment Senegal (From <sup>130</sup>)

#### D. THE CRITICAL RELATIONSHIP

Industrial leaders and private capitalists within Senegal are subjected to a state that is considered highly corrupt.<sup>131</sup> Though costs of crime and violence impose little harm, high levels of governmental regulation, challenges with access to bank loans, venture capital and minimal legal protections on borrower and lender rights place a heavy strain on the business environment.<sup>132</sup> The International Finance Corporation ranks Senegal in the bottom 15% of the global business environment in terms of ease of doing business while the Heritage Foundation classifies the Senegalese economy as “mostly unfree,” ranked 121 of 179 countries.<sup>133</sup> The Senegalese government provides regulatory protections over domestic industry in the form of an average industrial tariff of 10.33%. Minerals, textiles, manufactures and miscellaneous manufactures imports are subject to

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<sup>131</sup> Transparency International. "Corruption Perceptions Index 2010." Accessed November 29, 2011, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results). 2.9 of 10 score.

<sup>132</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. Indicators 1.14, 5.8 of 7, Indicator 1.09, 3.4 of 7, Indicator 8.04 2.3 of 7, Indicator 8.05, 2.3 of 7 and Indicator 8.06, 3 of 10.

<sup>133</sup> International Finance Corporation. "Doing Business: Measuring Business Regulations." Accessed December 1, 2011, <http://www.doingbusiness.org/data/exploreeconomies/senegal>. Ranked 157th of 183 countries. The Heritage Foundation. "2011 Index of Economic Freedom: Senegal." Accessed December 1, 2011, <http://www.heritage.org/Index/Country/Senegal>.

tariffs of 6.1%, 16.3%, 19.23% and 19.12% respectively.<sup>134</sup> (See Table 19. And Figure 7.) From these observations, it is clear that the state maintains the upper hand in its relationship with industrial entrepreneurs and fosters a challenging business environment overall.

The total workforce in Senegal is estimated to be over 3.1 million as of 2006 and approximately 5.5 million in 2010. Merely 10% is estimated to be employed in the formal industrial sector in 2006 while estimates today have that figure at approximately 22%.<sup>135</sup> There are several formal sector national level trade unions, which are affiliated with the International Trade Union Confederation (ITUC). They are the Democratic Union of Senegalese Workers, National Trade Union Congress (UDTS), the National Confederation of Senegalese Workers (CNTS) and the National Union of Autonomous Trade Unions of Senegal (UNSAS). These formal sector unions have robust membership that provides meaningful but not overwhelming scale.

The informal economy of Senegal is vast and significant for our purposes. It is not difficult to imagine the strength and influence of the informal sector's ranks due to an unemployment rate estimated at 48% in 2007 and a poverty headcount at the national poverty line of 50.8%. There is income inequality as measured through the formal sector, but it is not severe. 45.9% of the income share goes to the highest 20% of the population, whereas 47.9% is directed towards the middle and 6.2% to the bottom 20%.<sup>136</sup> (See Table 20.)

Historically, the informal economy and UNACOIS, the French acronym for the Senegalese Union of Traders and Industrialists, has played monumental roles in the labor, business and political relationship within the country. Under president Senghor, the state

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<sup>134</sup> International Trade Center. "Market Access Map: Average Tariff Applied by Sector." International Trade Center, accessed December 1, 2011, <http://www.macmap.org/Index.aspx?ReturnUrl=%2fCountry.Analysis.Results.AverageMFN.aspx>.

<sup>135</sup> United Nations. "International Labor Organization." Accessed December 1, 2011, <http://laborsta.ilo.org/STP/guest>. "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

<sup>136</sup> "Central Intelligence Agency, the World Factbook." Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. Senegal. "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

dominated the relationship between both labor and private capitalists by closely regulating any lucrative domestic industry and permitting only “guided” participation in policy implementation. Though formal sector association pressure resulted in new public financial institutions, the cost was co-optation and increased private capitalist dependency on the ruling elite. This resulted in the weak nature of domestic entrepreneurs that became heavily dependent upon a regime that sought to subjugate them in favor of increased foreign capital and patrimonial ties.<sup>137</sup> In the 1980s, these relationships would change due to the passing of the presidency to Abdou Diop, reaction to structural adjustment programs and the rise of the informal sector and its own organizing faction, UNACOIS. A measurable divide had developed between the dependent industrial business leaders and the independent merchants and traders. The latter grew in wealth and scale, united by their exclusion from formal domestic power structures and their ability to circumvent the taxes, regulations and fees applied by the state. They were able to have a large impact on local manufacturing because of their long-standing contacts with wealthy businessmen that import merchandise directly from Asia, Europe and the U.S as well as their effective contestation of monopolies on the import and distribution of textiles.<sup>138</sup> This provides the capacity and leverage to successfully press for state concessions, inclusion and protection because UNACOIS holds sway over a large, potentially taxable population and economic markets beyond the control of the state. UNACOIS, as a representative of informal labor, disrupted the clientelist relationship between private capital and the state. Over time this has become increasingly professional, credible and legitimate in the eyes of all actors.<sup>139</sup> In the process, it has imposed a needed balance within the critical three-way relationship that, in effect, advances democratic practices.

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<sup>137</sup> Ibrahima Thioub, Momar-Coumba Diop, and Catherine Boone. "Economic Liberalization in Senegal: Shifting Politics of Indigenous Business Interests." *African Studies Review* 41, no. 2 (Sep., 1998): pp. 63-89. <http://www.jstor.org/stable/524827>. pg. 65.

<sup>138</sup> Ibrahima Thioub, Momar-Coumba Diop, and Catherine Boone. "Economic Liberalization in Senegal: Shifting Politics of Indigenous Business Interests." *African Studies Review* 41, no. 2 (Sep., 1998): pp. 63-89. <http://www.jstor.org/stable/524827>. pp. 75-76.

<sup>139</sup> Ibid., pg. 78.

The Senegalese state has a larger share in the power balance between itself, labor and private capitalists. This is due to its high regulatory framework, autocratic tendencies, corruption and generally setting poor conditions for a profitable business environment. This is not to say that the industrial sector is insignificant. As noted previously, 22% of GDP is industrially generated, 13% of which is from manufacturing and Senegal is looking to further expand its industrial infrastructure, productive industries and markets. Private capitalists do, however, face the challenges of a largely agricultural and/or informal labor force with lower education, skills and literacy rates. Though once significantly subservient to the political elite, the events of the 1980s altered the balance for private capitalists. Chief among those events is the paradoxical influence of UNACOIS, which is able to effectively influence both the state and business leaders despite the magnitude of its informal nature. Thus, in the Senegalese case, a slightly imbalanced relationship exists between the state, labor and entrepreneurs that has evolved and adjusted in response to the increasing influence of the informal, non-industrial labor force. Despite economic sector characteristics that mirror those of advanced countries in terms of contribution to GDP, the lopsided agricultural, informal, unskilled and uneducated nature of the labor force presents a key developmental obstacle. The state in this case, has the upper hand overall. Such an imbalance correlates to the autocratic characteristics of the regime under Abdoulaye Wade. The very recent transition of political power to Macky Sall bodes particularly well for Senegal as it represents a consolidation of democracy via the shifting of power to an opposition party and provides an opportunity to reestablish democratic momentum.

## E. ANALYSIS OF LIPSET'S REQUISITES

The attributes inherent to the political economy analysis above provide input to the social requisites defined by Lipset. The openness of the class system is strained by the prevalence of corruption in both the government and business environment.<sup>140</sup> The divide between the formal and informal economy is relatively severe, which is compounded by a high unemployment rate. While this may be offset by less than drastic income inequality,

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<sup>140</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*, 2011. Indicator 7.06, 3.5 of 7.

an egalitarian value system is not likely in this case. The economy, though generally capitalist in nature, struggles under the heavy hand of government regulation and price controls. As previously observed, it is difficult to start and do business in Senegal but not impossible. The Ibrahim Index, on average between 2000 and 2010, ranked Senegal 17th of 53 African nations in terms of sustainable economic opportunity. An average score of 51.3 surpasses the Sub-Saharan Africa average of 42.6, which is relatively strong in comparison to peer regional economies.<sup>141</sup> Challenges in access to loans or venture capital, a 2010 GDP of just over 12.9 billion and a per capita income of \$1,041, which are both below regional averages demonstrate a lack of economic wealth even relative to the developing world. The massive prevalence of the informal economy and literacy rate of less than 50% do not satisfy the requirement for widespread literacy and capacity to effectively participate in the legal political or economic system.<sup>142</sup> What is particularly unique and influential for the Senegalese case is the UNACOIS trade union. Legitimate representation of a large and illegitimate informal sector in the eyes of business and political elites is truly exceptional. This is a significant contribution to the high participation in voluntary organizations requirement. In sum, Senegal fails to satisfy the requisites for pervasive egalitarianism, economic wealth and literacy. It partially satisfies requisites for an open class system and capitalist economy. Ironically, despite informality and relatively negative employment data, Senegal satisfies the requisite for high participation in voluntary organizations. (See Table 10. And Table 14.)

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<sup>141</sup> Mo Ibrahim Foundation. *The 2011 Ibrahim Index of African Governance* 2011. Rank Ibrahim Index 2001- 2010. This variable is a composite of assessments considering public management, business environment, infrastructure and the rural sector.

<sup>142</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

<b>Satisfaction of Lipset's Requisites &amp; Bellin's Balance- Senegal</b>	
	<b>Senegal</b>
<b>Open Class System</b>	Partial
<b>Egalitarian Value System</b>	No
<b>Economic Wealth</b>	No
<b>Capitalist Economy</b>	Partial
<b>Literacy</b>	No
<b>High Participation in Voluntary Organizations</b>	Yes
<b>Balance (Bellin)</b>	Partial

Table 10. Satisfaction of Lipset's Requisites & Bellin's Balance- Senegal

#### F. A CROSS-CASE EXPLANATION

As stated above, the Senegalese state has the advantage in the critical three-way relationship, which disrupts the balance within the political economy. However, the informal, non-industrial labor force has become a key actor despite its overall agricultural, unskilled and uneducated characteristics. This factor reinforces the notion that labor in general is an important point of influence and that with increased opportunities for employment comes increased potential for mass participation in voluntary organizations, which then leads to increased participation in the political realm. Unemployment rates are considerably higher in Senegal and the formal labor force is overwhelmingly based in the agriculture sector. This is likely due to the prevalence of the informal sector, which is becoming more and more formalized via organizations like UNACOIS. It is critical to note that the independent merchants and traders that comprise UNACOIS have wealth, scale and the ability to compete with local manufacturing.<sup>143</sup> In this sense, regardless of formality, the informal portion of the labor force are actually employed laborers and in the Senegalese case, have the means to participate in both the industrial sector and the political sphere. The already relatively strong industrial sector is actually stronger than the raw data implies and as a result, diversified by way of the

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<sup>143</sup> Ibrahim Thioub, Momar-Coumba Diop, and Catherine Boone. "Economic Liberalization in Senegal: Shifting Politics of Indigenous Business Interests." *African Studies Review* 41, no. 2 (Sep., 1998): pp. 63-89. <http://www.jstor.org/stable/524827>. pg. 65.

informal sector. That diversity generates influence on the state and business that is separate and apart from co-opted entities prior to the 1980s.

This likely influences not just the high participation in voluntary organizations requisite but also the economic wealth requisite. With respect to the economic wealth implication, it is safe to assume that informally employed per capita incomes are not captured in the available statistics; and it is then possible to argue that the \$1041 amount is artificially low because a potentially large portion of the 48% unemployment statistics actually earn income yet are “uncaptured” and therefore unmeasured by the state. This would mean that the ability to build and expend capital is more widespread than previously assessed. Earlier, I assessed the economic wealth requisite as unfulfilled. This further analysis would elevate that assessment to partially fulfilled, as it is difficult to assess whether the adjusted per capita income would surpass the Sub-Saharan African average of \$1301. It is however, very possible considering the scale of the informal sector in Senegal.

UNACOIS is clearly effective at advancing democratic ideals through its balancing effect on the relationship between the state, private capitalists and labor in Senegal. As it continues to increase and formalize, it is reasonable to expect gradual shifts in the power dynamic and potentially, increased revenue and political participation, which positively affects democratization. This highlights what is perhaps most important as a contributor to democracy in the Senegalese case, the access and influence of a unique labor force. That access and influence is not confined to one commodity or one sector, as in the case of Gabon, but spread over multiple formal and informal industries. Economic diversification provides multiple avenues to contact business elites as well as politicians by creating relatively accessible jobs and providing a means to build personal wealth, organize, mobilize and influence the other major groups. This then leads to an increased balance overall and helps explain why Senegal is able to outpace Gabon in terms of democratic measurement despite a smaller industrial contribution to GDP and agriculture heavy formal sector.

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## **V. LOW PERFORMER—BURUNDI**

Burundi represents the low industrial performing sub-group and is an example of a country whose political landscape has transitioned from a monarchy to an oscillation between military regimes and pseudo-democratic autocracy and culminated in a recent attempt at democratic governance. The political and economic arenas have been largely marred by ethnic violence, open and devastating warfare, and power ascension via coup or assassination.

### **A. PATTERN OF DEMOCRACY**

The Republic of Burundi is perhaps the most politically dynamic of the case studies. Since its independence in 1962 from Belgium, Burundi has endured continuous challenge to its governance via widespread violence, assassinations, depositions and coups within its political realm. In the interest of relative brevity, I will attempt to highlight the key elements of democratic evolution. Initially, a constitutional monarchy under Ganwa King Mwambutsa IV governed post-independence Burundi. This was abolished by the 1966 coup led by Capt Micombero who instituted a republic that in actuality was a de facto military regime. In 1976, a coup by Col Bazanga instituted another military regime that initially pressed forward political and social reforms, authorized a constitution in 1981 and a one-candidate election in 1984 before increasing autocratic tendencies of repression. A 1987 coup would replace Col Bazanga with Maj Buyoya, suspend the previous constitution and in 1991, a separate constitution was approved. This constitution instituted provisions for a president, multi-ethnic government and parliament while leading to the election of the first Hutu president, Melchior Ndadaye (FRODEBU party) in 1993. Ndadaye, the first democratically elected president of Burundi, was assassinated a mere three months later and Burundi descended into a civil war that would kill what is estimated to be hundreds of thousands of Burundians. Hutu and Tutsi leaders remained at a political impasse yet with the significant assistance of many other African countries, Burundi elected Pierre Nkurunziza as president in 2005 and adopted a post-transitional constitution. The civil war ended in 2006 with the final reconciliation of the Paliphehutu in 2009. President Nkurunziza ran unopposed and was

re-elected in 2010.<sup>144</sup> Polity IV scores reflect the political instability and entrenched autocracy of monarchal and military regimes. Democratic scores spike in 2005 alongside the implementation of the massively popular post-transitional constitution and continue to gain durability to the present day.<sup>145</sup> (See Figure 4. Also, See Table 16. And Figure 6.)

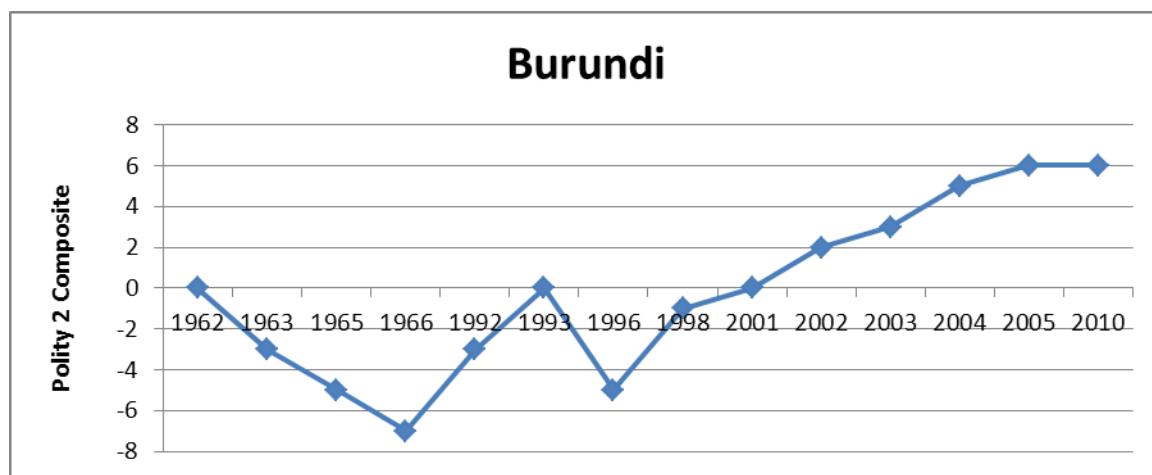


Figure 4. Burundi Polity IV data (Polity 2 Subset; From<sup>63</sup>)

## B. ECONOMIC SNAPSHOT AND INDUSTRIAL CAPACITY

The Burundian economy is largely dependent upon coffee and tea exports as well as foreign assistance. Continuous security and refugee challenges have prevented meaningful development of supporting infrastructure and industrial capacity beyond the processing of agricultural products.<sup>146</sup> Manufacturing is minimal and potential natural resources remain largely neglected due to lack of investment in such an unstable political, social and economic environment. As contributors to GDP, 35% results from agriculture, 20% industry, 9% of which is manufacturing, and 45% services. (See Table 11. Also, See Table 15. And Figure 5.) GDP per capita in Burundi is a dismal \$192 having never surpassed a high-water mark of \$240 in 1986. It remains well below the average SSA of

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<sup>144</sup> The U.S. Department of State. "Diplomacy in Action: Background Note: Burundi," Accessed March 30, 2012, <http://www.state.gov/r/pa/ei/bgn/2821.htm>.

<sup>145</sup> Marshall, Monty G., Jagers, Keith. *Polity IV: Regime Authority Characteristics and Transitions Datasets*. Polity IV: Annual Time-Series 1800-2010. 2010. Polity 2 data averages -7 for consolidated autocracy transforming to above average democratic measures from 2005 and beyond.

<sup>146</sup> The U.S. Department of State. "Diplomacy in Action: Background Note: Burundi," Accessed March 30, 2012, <http://www.state.gov/r/pa/ei/bgn/2821.htm>.

\$1301.<sup>147</sup> Little industrial capacity exists. However, light consumer goods, imported components assembly and food processing are growing domestic industries. Estimates are that industry as a whole is growing at approximately 7% annually.<sup>148</sup>

Service Sectors by Contribution to GDP			
	Advanced Economies	Sub-Saharan African Economies	Burundi
<b>Agriculture</b>	2%	24%	35%
<b>Industry</b>	29%	29%	20%
<b>Manufacturing</b>	16%	9%	9%
<b>Services</b>	69%	47%	45%

Table 11. Service Sectors by Contribution to GDP (From <sup>52</sup>)

### C. MODERNITY ASSESSMENT

Burundi fits Michael Porter's "factor driven economy" nearly to the letter. Indeed, low-cost, low-skilled labor is the dominant source of competitive advantage for agricultural production of coffee and tea for export. Dependence upon these products, lack of widespread modern production technologies and negligible economic diversification into secondary and tertiary sectors ensure continued sensitivity to "world economic cycles, commodity price trends and exchange rate fluctuations."<sup>149</sup> Technology is also primarily absorbed through imports, which is supported by Burundi's tariff structure. Though Jeffrey Sachs does not specifically assign Burundi to one of his five categories of growth, it can be anticipated that Burundi exists either as a "primary producer" or in "Malthusian decline."<sup>150</sup> This is based upon commodity exports of greater than or equal to 10% of GNP and a total fertility rate of greater than or equal to

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<sup>147</sup> The World Bank. "Data: Burundi," Accessed March 30, 2012, <http://data.worldbank.org/country/burundi>.

<sup>148</sup> "Central Intelligence Agency, The World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

<sup>149</sup> Michael E. Porter. *Enhancing the Microeconomic Foundations of Prosperity: The Current Competitiveness Index- Business School Stage Theory* Harvard Business School, 2002. pg. 8.

<sup>150</sup> Jeffrey D. Sachs. "Globalization and Patterns of Economic Development." *Weltwirtschaftliches Archiv* 136, no. 4 (2000): 579-599. pg. 582 and 583. Malthusian deline refers specifically to growing populations outstripping a country's capacity to support and sustain that population with respect to land availability, health and basic services.

4.0.<sup>151</sup> Clearly, Burundi neither exists on the cutting edge of technology nor does it quite satisfy Rostow's needed changes in non-industrial sectors to earn "Preconditions Stage" recognition. Its placement is closer to the "traditional society" stage but progressing.

Burundi exhibits characteristics of a country where the majority of its social and political economy maintain "traditional societal" ways yet the government and political elites are taking action to set the conditions for emergence up the scale. The urban population stands at 11% of the gross with an estimated 5% annual increase compounded by a 3.4% annual overall population growth rate.<sup>152</sup> The lack of more up to date technologies in the agricultural sector stifle the ability to both feed the growing urban masses and export for profit beyond coffee and tea products.<sup>153</sup> Government budget share increases in agriculture, health and education, technology transfer-friendly tariff structures combined with active involvement by Vice President Gervais Rufykiri to strengthen the business environment for foreign investment and domestic entry highlight a state intent on industrializing to take the country beyond its traditional limitations. Recent efforts to expand the energy and mining industry, heavy investment in information and communications technologies (ICT) as well as positive trends in alternative capital availability also show Burundi as a country on the cusp of "Preconditions" status according to Rostow.<sup>154</sup>

From a basic technology and connectivity perspective, Burundi has extremely limited electricity, telephone and Internet capacity. In fact, the CIA World Factbook notes that only 1 in 100 people utilize fixed telephone services and 10 in 100 use mobile phones. Burundi produces a mere 208 million kWh in electricity and consumes 273.4 million kWh. It is forced to import the deficit from neighboring DRC every year.

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<sup>151</sup> The World Bank. "Data: Burundi," Accessed March 30, 2012, <http://data.worldbank.org/country/burundi>. Measured Total Fertility Rate of 4.5 in 2009.

<sup>152</sup> "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

<sup>153</sup> African Economic Outlook. *Burundi 2011*: AfDB, OECD, UNDP, UNECA, 2011. pg. 6.

<sup>154</sup> African Economic Outlook. *Burundi 2011*: AfDB, OECD, UNDP, UNECA, 2011. pg. 12. Wayne E. Nafzinger. *Economic Development*. 4th ed. New York: Cambridge University Press, 2006. pg. 128. comparable elements to the "radical non-industrial changes," Nafzinger cites Rostow's 1961 The Stages of Economic Growth.

Additionally, only 158,000 Burundians access the Internet, which ranks them 147th worldwide in this regard.<sup>155</sup> (See Table 12. And Table 17.) We can effectively isolate Burundi to the bottom or near bottom of development and modernization scales. Burundi suffers from multiple critical obstacles to successful growth, namely a repressed infrastructure, deficient business environment, an uneducated, overwhelming agriculture-based labor force, wildly unbalanced, ethnically tense rural and urban population distribution and a highly unstable political realm. However, despite such seemingly insurmountable challenges, it cannot necessarily be considered static along these scales. Burundi's potential for upward mobility is apparent but far from certain.

<b>Modernization Assessment Burundi</b>	
Sachs	Malthusian Decline
Rostow	Traditional Society
Porter	Factor Driven
Electrical Production (billion kWh)	0.208
Electrical Consumption (billion kWh)	0.273
Internet (User World Rank)	147
Cell Phones Teledensity per 100 people	10

Table 12. Modernization Assessment Burundi (From <sup>152</sup>)

#### D. THE CRITICAL RELATIONSHIP

The Burundian business environment is exceedingly strained and at present, not conducive to large-scale industrial growth or playing a significant role in the political realm. It is arguably one of the worst business environments in the world, which is not surprising considering the consistent instability in the country post-independence. Crime and violence, legal rights challenges, and difficulty in accessing loans or venture capital increase transaction costs for aspiring entrepreneurs, which creates significant barriers to

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<sup>155</sup> Central Intelligence Agency, the World Factbook," Accessed November 29, 2011, <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>.

entry.<sup>156</sup> The Heritage foundation describes Burundi as a “repressed” economy suffering from an intrusive and inefficient state apparatus, obstacle laden private sector policy, poor property rights and widespread corruption.<sup>157</sup> The World Economic Forum agrees and further annotates that the four most problematic factors of doing business in Burundi are accessing financing, corruption, policy instability and tax regulations.<sup>158</sup> Despite these grim data points, such negative characteristics do not comprise the entire story. Interestingly, the International Finance Corporation World Bank Group Doing Business data shows several small improvements in the Burundian situation. In particular, protecting investors jumped 107 positions from 153rd in 2011 to 46th in 2012.<sup>159</sup> Also, according to the 2011 Africa Competitiveness Report, the burden of government regulations is minimal to the extent that Burundi ranks 75th of 139 countries.<sup>160</sup> Unfortunately, this is more likely due to a lack of government capacity rather than deliberate freedom provided by state policy. Though Burundian banking or financial institutions consistently lack sufficient resources, alternative sources of capital and international funding are on the rise.<sup>161</sup> However, this more likely highlights Burundi’s heavy reliance upon foreign aid and much less likely showcases its domestic economic prowess.

The Burundian state, as evidenced previously, is a highly corrupt and unstable platform for governance. It has an excessively challenged history that lacks any true contemporary positive continuity. Corruption is rampant, favoritism by government

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<sup>156</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*. Indicators 1.14 (3.1- 129 of 139), 8.06 (2.7- 135 of 139), 8.04 (1.6- 135 of 139), 8.05 (1.5- 139 of 139).

<sup>157</sup> The Heritage Foundation. "2011 Index of Economic Freedom: Burundi," Accessed March 30, 2012, <http://www.heritage.org/index/country/burundi>.

<sup>158</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*.

<sup>159</sup> International Finance Corporation. "Doing Business: Measuring Business Regulations," Accessed March 30, 2012, <http://www.doingbusiness.org/data/exploreeconomies/burundi>.

<sup>160</sup> World Economic Forum, the World Bank and the African Development Bank. *The Africa Competitiveness Report 2011*.

<sup>161</sup> The Miliken Institute. *Capital Access Index 2006*, edited by James R. Barth, Tong Li, Triphon Phumiwasana and Glenn Yago. Vol. 2006. *Capital Access Index 2009*, edited by James R. Barth, Tong Li, Wenling Lu and Glenn Yago 2010. Alternative Sources of Capital rankings 105 in 2006; 91 in 2009; International Funding 97 in 2006; 82 in 2009

officials is widespread and cronyism is commonplace.<sup>162</sup> Despite disarm, demobilize and reintegration programs and the inclusion of rebel groups into the political process, violence and election tampering continue to plague the political arena. However, the importance of setting the conditions for short-term stability and long-term economic growth are not lost on the political leadership. Fiscal and monetary policy are taking aim at capturing more of the informal economy, taking advantage of HIPC debt cancellations by making it increasingly difficult to accrue short-term public debt, controlling the money supply and stabilizing the exchange rate.<sup>163</sup>

Burundi's 2nd Vice President, Gervais Rufyikiri, is focused on economic growth, diversification and the reorientation of the business environment. Since coming to office, he has utilized the 9 "Doing Business" elements as planning factors for policy adjustments and pressed the launching or reorganization of several public and private economic institutions. The establishment of the Burundian Investment Promotion Authority has streamlined the inefficient investment analysis bureaucracy and led to unprecedented activity in food processing, energy, mining and information communications technologies. Also, the Burundi Business Incubator (BBIN), launched in Nov 2010, is a two-phased non-profit organization that develops entrepreneurship and general business skills in both established and new Burundian small and medium domestic enterprises. While the BBIN does not provide loans, it does facilitate access to financing as well as assists in the refinement of business plans and strategic management whose goal is to generate domestic business, firm and industrial growth.<sup>164</sup>

The tariff and tax rates implemented by the Burundian state help to demonstrate the balancing act it exercises while attempting to shape long-term economic and political needs. The income and tax rates are relatively average for the continent. An average

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<sup>162</sup> Transparency International. "Corruption Perceptions Index 2010," Accessed November 29, 2011, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results). 1.8 score; one position from the worst; Ranked 170 of 178.; Favoritism Africa Competitiveness Report 2011 Indicator 1.07- 2.5- 113 of 139.

<sup>163</sup> African Economic Outlook. *Burundi 2011*: AfDB, OECD, UNDP, UNECA, 2011. pg. 8 and 9.

<sup>164</sup> USAID. "Burundi Business Incubator to Boost Private Sector," Accessed March 30, 2012, [http://eastafrika.usaid.gov/en/USAID/Article/1357?Burundi\\_Business\\_Incubator\\_to\\_Boost\\_Private\\_Sector](http://eastafrika.usaid.gov/en/USAID/Article/1357?Burundi_Business_Incubator_to_Boost_Private_Sector).

industrial tariff of 6.6%, average agricultural tariff of 21.9%, manufactures, machinery and instrument tariffs of 22.7%, 4.5% and 1.6% respectively highlights a regulatory framework that is interested in attracting certain industrial goods and technology while disincentivising agricultural imports.<sup>165</sup> (See Table 19. And Figure 7.) This helps to protect domestic agricultural markets and the related labor force from external competition as well as indirectly suppresses domestic industrial growth. Though it can be assumed that the state must allow if not promote the infusion of international industrial products due to both the need for technological imitation and the lack of domestic alternatives, the result is the same. The tariff structure creates another barrier to entry for private capitalists with non-agricultural industrial ambition and the state represses the industrial business environment. The private capitalist position in this instance is unusual but seemingly advantageous. While the monetary barrier to entry exists, it can be overcome with sufficient capital accumulation. The state is likely quite eager to facilitate domestic industrial growth and therefore malleable to pressure, willing to increase legal protections via property rights and boost social capital by way of health and education investments. Both of these actions have occurred since 2005.<sup>166</sup>

Burundian skilled labor is one of the main challenges to domestic industry. The heavy imbalance of labor to the primary sector and several other social factors raises adjacent concerns with mass participation in labor or political organizations and processes. 94% of the Burundian labor force is in the agriculture sector, with only 2% involved in industry and 4% in services. There is a 68% poverty rate, 60% literacy rate, only 1 in 2 go to school and 1 in 15 has HIV/AIDS.<sup>167</sup> Statistics are difficult to determine due to an 89% rural population and again, the agricultural core competency. However, it is estimated that 89% of the 15 year old and older population actively participates in the

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<sup>165</sup> International Trade Center. "Market Access Map: Average Tariff Applied by Sector," Accessed December 1, 2011.  
<http://www.macmap.org/Index.aspx?ReturnUrl=%2fCountry.Analysis.Results.AverageMFN.aspx>.

<sup>166</sup> African Economic Outlook. *Burundi 2011*: AfDB, OECD, UNDP, UNECA, 2011. pg. 16.

<sup>167</sup> "Central Intelligence Agency, the World Factbook," Accessed November 29, 2011,  
<https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>. African Economic Outlook. *Burundi 2011*: AfDB, OECD, UNDP, UNECA, 2011. pg. 16.

labor market while the shadow economy is estimated to account for 39.5% of GDP.<sup>168</sup> This is a significant amount of “uncaptured” revenue for state regulatory agencies. 42.8% of earned income reaches the highest 20% of the population while only 9% reaches the lowest 20%.<sup>169</sup> (See Table 20.) Organized labor is limited primarily to the Confederation of Burundian Unions (COSYBU) and the Independent Labor Party, which is a small, primarily ethnic Tutsi political entity. Neither are significant players within the economic or political arenas. President Nkurunziza has implemented two key social reforms that impact the labor force. In addition to free primary education, President Nkurunziza declared free health services to pregnant women and children under 5 and correspondingly dramatically increased the fiscal budgets for these sectors. This is problematic, however, considering the severe reliance upon foreign aid to back the Burundian budget and these programs specifically.

The Burundian example demonstrates a political economy that consists of a weak and corrupt government, repressed business environment and a lopsided, massively unskilled and unorganized labor force. Entrepreneurs are dependent upon the political climate and by extension the state itself in order to garner growth momentum. This reliance is diminished by the introduction of international aid and regulatory institutions that can maneuver around state weakness and the palpable need of industry by the state for economic diversification and urbanization. They are also dependent upon the labor force, which is unskilled from an industrial perspective. Private capitalists, conceding challenges posed by widespread corruption, are able to exert influence and pressure on government but must acquiesce to the limitations imposed by an underdeveloped work force. The state requires assistance both from the international arena in terms of foreign aid as well as domestically from business elites in order to generate the economic growth that could lend itself to political legitimacy. It is not, however, reliant upon the majority of the population for political traction beyond having to create the opportunity to develop

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<sup>168</sup> Andreas Buehn and Freidrich Schneider. "Shadow Economies Around the World: Novel Insights, Accepted Knowledge and New Estimates." *International Tax and Public Finance* no. July 2011 (2011). The World Bank. "Data: Burundi," Accessed March 30, 2012. <http://data.worldbank.org/country/burundi>.

<sup>169</sup> The World Bank. "Data: Burundi," Accessed March 30, 2012. <http://data.worldbank.org/country/burundi>.

a healthy, educated and trained workforce. This makes the state malleable from a political pressure perspective, particularly by private capitalists as they seek to maximize profit and protect their gains via state policy and law. The labor force has no real ability to pressure the government or business leaders politically but stands to gain dramatically in terms of learning the skills required to transition beyond subsistence agriculture and rural isolation.

#### **E. ANALYSIS OF LIPSET'S REQUISITES**

The Burundian case is a telling description of a highly imbalanced state, private capitalist and labor relationship that helps our understanding of the relationship between industrialization and democratization on the continent. Its record of political, social and economic turmoil is not without peers in the region and can provide a highly generalizable context to apply in similar regional examples. Burundi also has distinct contributions and gaps among Lipset's requisites. Individual effort and achievements do not necessarily define social hierarchies in Burundi. Corruption, cronyism and strained social factors hamper the openness of the class system. The egalitarian nature of its population is also highly contentious considering the significant history of ethnic violence between the Hutu and Tutsi. While it can be expected that these tensions will ease over time, and potentially be accelerated via sustained and well-distributed economic growth, the severity of the conflict will make that very difficult. Additionally, the extreme lack of industrial capacity, related unskilled workforce and heavy agricultural labor base establish a demonstrable line that hampers popular egalitarian view. However, the converse may be true because so much of the country lives and works in rural areas and is devoted to agriculture. The capitalist nature of the economy is murky at best. Current government regulations, political uncertainty and a repressive business environment are not conducive to competition and profit maximization. Burundi's ability to build and expend capital in order to garner economic wealth remains strained due to minimal non-agricultural industrial capacity and a tremendous reliance upon foreign aid. Educational opportunities of such quality that people may communicate and acquire the skills necessary to be of service or productive within the economy are low but rising. A literacy rate of 60%, a mere 6% employment in non-agricultural sectors and the

ineffective nature of labor organizations in Burundi are formidable obstacles to an legitimate means of mobilizing, interacting and participating in voluntary organizations to a degree that would provide real pressure to business and political leadership. In sum, Burundi only partially

satisfies the literacy requisite and fails to fulfill requisites for an open class system, pervasive egalitarianism, economic wealth, a capitalist economy and high participation in voluntary organizations. (See Table 13. And Table 14.)

<b>Satisfaction of Lipset's Requisites &amp; Bellin's Balance- Burundi</b>	
	<b>Burundi</b>
<b>Open Class System</b>	No
<b>Egalitarian Value System</b>	No
<b>Economic Wealth</b>	No
<b>Capitalist Economy</b>	No
<b>Literacy</b>	Partial
<b>High Participation in Voluntary Organizations</b>	No
<b>Balance (Bellin)</b>	No

Table 13. Satisfaction of Lipset's Requisites & Bellin's Balance- Burundi

The many years of conflict, refugee migrations, heavy civilian casualties and political insecurity has seemingly exhausted the Burundian people. This likely translates to both domestic and international fatigue with the constant strife, particularly in the leadership of the African central and southern regions. In the case of this type of social, political and economic drain, the state is likely largely dependent upon the private capitalists and labor for any potential economic growth and is much more likely to acquiesce to popular demand for democratic governance as it struggles to stabilize its domestic situation. Internationally, there will likely continue to be extreme pressure and aid incentives to institute and consolidate democratic ideals. Considering the potential for natural resource extraction and the revenue that will provide for economic diversification, entrepreneurs and labor have the upper hand from a bargaining perspective as Burundi industrializes. Ethnic reconciliation, institutional strengthening and economic policy

along the lines of Nigeria's oil-based price rule may well be critical to short term stability and long term growth as mineral extraction evolves.<sup>170</sup> Most important, though, is the political situation. Repressing corruption, ensuring a secure elective political process and maintaining the delicate peace will be critical to instilling the confidence of both the local and international communities in order to sustain the positive social, economic and political momentum seen in recent years.

#### F. A CROSS-CASE EXPLANATION

Following the Senegalese case, I addressed the observation that Senegalese polity IV scores were stronger than those allocated to Gabon, despite Gabon's stronger industrial contribution to GDP. Burundi, too, can be considered more democratic than Gabon, though less in comparison to Senegal. An explanation of this is slightly more problematic considering the fact that, in Burundi, trade unions of any formality are of little political consequence, per capita incomes are very low and the composition of the labor force precludes effective participation in the political realm. It is important to remember that Burundian social, political and economic capacity is exceedingly strained by the many years of conflict, refugee migrations, heavy civilian casualties and political insecurity discussed above. It is also key to keep in mind that the polity score itself focuses upon the institutional strength of the central government, which assuredly correlates these scores more closely to dramatic democratic institutional developments while Burundi emerged from civil war in the early 2000s than to that of business or labor pressure.

It is worth noting that manufacturing as a percentage contribution to GDP is higher in Burundi than in Gabon and that what little industry does exist is dominated by the processing of agricultural raw materials. This demonstrates a consolidated supply chain, especially for coffee and tea, which domestically connects a relatively large portion of the 94% agriculture-based labor force to the industrial value chain. In this context, a large portion of the domestic population is connected to, however indirectly, the Burundian industrial complex via home grown agricultural processing. Private

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<sup>170</sup> Okonjo-Iweala, Ngozi. "Nigeria's Shot at Redemption: Turning Nigeria's Windfall into a Blessing." *Finance & Development* (2008).

capitalists are able to minimize transaction costs of procuring raw materials, which assists in maximizing profitability in what is already a strained business environment. The state, desperate to capitalize on its comparative advantage in unskilled labor, incentivizes the agro-processing industry via the tariff structure and seeks to add as much revenue as possible to the yearly foreign aid donations. Deftly, the Burundian state diverts foreign aid payments to investments in domestic health and education and acquiesces to external insistence on democratic reform in order to keep revenue streams active. In this case, Burundi's democratization is due more to external than internal pressure.

Unfortunately, Burundi's conflict riddled history has seemingly reset its developmental trajectory and external influence distorts the domestic power balance between the state, entrepreneurs and labor. Capacity is minuscule, foreign aid dependence artificially affects domestic balance and so few of Lipset's requisites are achieved by way of industrial contributions that legitimate liberal democracy could be indefinitely delayed. This highlights the insufficiency of economic diversification alone to explain democratization. It also serves as a cautionary note on externally driven democratization, which is broadly applicable to the region.

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## **VI. GENERAL OBSERVATIONS AND CONCLUDING REMARKS**

This analysis has sought to better understand the relationship between industrialization and democratization in Sub-Saharan Africa by examining the relative balance between the state, industrial entrepreneurs and labor in four countries in the region. Delving into the details of this balance provides a clear picture of what contributes to the relative power or strength each achieves within this critical three-way relationship. This provides the mechanism to further understand how industrial characteristics of an economy contribute to a nation's social make-up. Then, by utilizing those same industrial characteristics in the social context, it is possible to gain reliable insight into key pre-conditions for democracy, which delineate a certain pattern of democratization. This particular method aligns closely to Eva Bellin's "contingent democrat" theory, and continues that research with a narrowing of case studies to the African continent. Additionally, reviewing the fulfillment of or gaps in the satisfaction of certain social requisites for democracy within a set of specific Sub-Saharan African countries applies the concept introduced by Seymour Martin Lipset. In effect, the aggregate effort brings these two theories together and applies them through a region-specific lens. It also provides a forum to revisit the concept of modernization on the African continent and generally assess particular levels of modernity achieved in the context of industrial capacity and economic stages of growth.

Selecting South Africa, Gabon, Senegal and Burundi as cases for examination provides an overall, though admittedly limited, cross sectional view of dissimilar political economies and divergent experiences with democratic and economic development. This is in large part due to the dissimilarity of their industrial capacities and related social and economic characteristics. The intent behind the selection of these particular case studies was to provide an analysis of countries from different sections of the continent with different industrial capacities to more generally understand the relationship between industrialization and democratization within Sub-Saharan Africa. These examples span the high, medium and low classifications of industrial performance both in terms of manufacturing ability as well as mineral or petroleum extraction. Despite the limited

number of case studies, it is possible to draw several general conclusions from this research effort as well as specifically address the main research question, hypothesis, regional prospects for democracy and potential policy implications for the United States.

#### **A. GENERAL OBSERVATIONS AND CONCLUSIONS**

The Bellin “contingent democrat” theory is applicable to our case studies in terms of a relative balance or imbalance of the relationship between labor, industrial entrepreneurs and the state. If any element has characteristics that alter its influence or the influence of one of the other elements in the direction of disequilibrium, the propensity for democratic procedure lessens. Alternately, if the relationship is in relative equilibrium, democratic tendencies are increasingly evident. More specifically, in cases of disequilibrium, if the state in particular is susceptible to effective pressure or influence by entrepreneurs or labor, that system is then much more likely to adjust towards democratic ideals. The combination of these attributes effectively illustrates a deeper understanding of the relationship between industry and democracy within South Africa, Gabon, Senegal and Burundi, which provides a glimpse into the larger realm of Sub-Saharan Africa. It demonstrates the nature of the contemporary relationship between the state, labor and private capitalists as one of independence yet reliant cooperation in the case of South Africa. In Gabon, it is evident that the state is becoming increasingly reliant upon entrepreneurs and labor to effectively rectify an undiversified economy in order to maintain the status quo high per capita income as its key resource expires. In the case of Senegal, there is evidence of dependence on the state by private capitalists and an increasing ability to regulate power by a disproportionately large yet increasingly formalized, informal labor force. Burundi exemplifies a case where the state is weak, corrupt and more malleable due to its reliance upon foreign aid and distinct need for industrial capacity. In this instance, much like Gabon, there is increasing potential for industrial entrepreneurs and labor to project into the political sphere.

From this research, several general observations can be made. The initial three serve to support the research methodology, the use of Bellin’s ‘contingent democrat’ theory and Lipset’s prerequisites. First, the ways in which the aspects of a country’s political economy contribute to Lipset’s social requisites for democracy are effectively

measured by taking a detailed look at critical relationships between the major players in a political economy, the state, entrepreneurs and labor. Second, the degrees to which Lipset's requisites are met provide an accurate, though general, assessment of the current state of democracy within a nation. (See Table 14.) Third, the balance between these three key players over time can be considered a key contributor to the pattern of democratization within a given country. This is because the balance equates to an overarching form of restraint upon each element, which is a decidedly democratic ideal. If an effective balance exists, as in the case of South Africa, and steps are periodically taken to test or strengthen relationships, the prognosis for democracy is excellent. However, if each element does not maintain the capacity and power to effectively influence the others, democratic strength will diminish. In the instance of ineffective balance, such as the case of Senegal or Gabon, autocratic tendencies are evident. As witnessed by the rise of Senegal's UNACIOS, the assertion of empowered, mobilized labor disrupted autocratic habits and rebalanced the equation in the direction of a more mutually beneficial and an increasingly democratic arrangement. In the Gabonese example, the extreme influence of the petroleum sector fractionalizes the combined power of labor as a whole and promotes an economy of rents whose lucrative excess is prone to mismanagement and diversification is then stifled. The state is not reliant upon the population while the oil rents continue to accrue. These observations are somewhat comforting in that they validate the original research theories put forth by Bellin and Lipset as well as provide some additive legitimacy to a few more specific conclusions that can be drawn from our case studies and assist in answering the original research question.

<b>Satisfaction of Lipset's Requisites &amp; Bellin's Balance</b>				
	<b>South Africa</b>	<b>Gabon</b>	<b>Senegal</b>	<b>Burundi</b>
<b>Open Class System</b>	Partial	Partial	Partial	No
<b>Egalitarian Value System</b>	Partial	Partial	No	No
<b>Economic Wealth</b>	Yes	Yes	No	No
<b>Capitalist Economy</b>	Yes	Partial	Partial	No
<b>Literacy</b>	Yes	Yes	No	Partial
<b>High Participation in Voluntary Organizations</b>	Yes	Partial	Yes	No
<b>Balance (Bellin)</b>	Yes	Partial	Partial	No

Table 14. Satisfaction of Lipset's Requisites & Bellin's Balance

In addition to the aforementioned validations, this specific research has enabled several general conclusions that can be drawn from our case studies. First, single industry, aid reliance, or a lack of economic diversity whether via industrial agriculture, petroleum, minerals or external donors holds a country hostage and vulnerable to stagnation. The volatility of the particular commodity market or the uncertainty of continued donor support negatively impacts multiple social requisites for democracy as described by Lipset and ultimately detracts from democratic potential or ideals. This is evident in the cases of Gabon and Burundi. Each of these countries reaps the negative impact of a lack of industrial diversity in the form of widespread uncertainty, which is destabilizing overall. This contributes to the broader conversation concerning foreign aid as well and therefore has policy implications for donors.

Second, a lack of diversified industrial capability severely restricts opportunities for formal employment, which has a negative impact on the prospects for democratization. This is evident most prominently in the cases of Senegal and Burundi yet also applies to Gabon. In Senegal, the informal economy is large to the point that its masses obstruct the relationship between the state and an industrial labor force. However, in this case, UNACIOS has shown the ability to affect the state apparatus on behalf of large segments of the informal labor market. Perhaps not ironically, in doing so, it has increasingly formalized itself and its members and contributed to an egalitarianism value

system, the ability to build and expend economic wealth and participation in voluntary organizations. In Burundi, the excessive number of Burundians employed in the agricultural sector deprives the nation of a skilled industrial labor force, which precludes industrial capacity and detracts from each democratic social requisite. Gabon's lack of industrial diversity renders it beholden almost solely to the variance of the oil market, the demands of the oil labor force and its mostly international business leadership.

Third, industrialization is critical to the effective democratization of Sub-Saharan African countries because it provides capacity that is central to each major group individually, the nation as a whole and the requisites for democratization. Entrepreneurs and private capitalists gain market access and opportunities to invest and make profits at a greater scale. They can establish firms with the reasonable expectation of returns thus creating wealth that transfers to the state via taxes on products sold and the labor force via wages for jobs worked. This contributes to the ability to build and expend economic wealth and the capitalist nature of the economy. Labor gains multiple formal employment opportunities, a means to monetarily support themselves, a connection to organized representation and access to the provision of public services. This contributes directly to an open class system, pervasive egalitarianism, and high participation in voluntary organizations. The state gains revenue for national budgets, the ability to provide public services like health and education, achieves political legitimacy in the eyes of its population, creates exports for international connectivity and diversifies its economy so as to mitigate single source commodity volatility and enhance the sustainability of the nation over the long-term. This contributes directly to the capitalist nature of the economy, opportunities to increase literacy and the ability to build and expend economic wealth. In this instance, there is balance and interdependence between the major groups and each of Lipset's social requisites has been addressed. Such positive gains generate a desire for protection and consolidation via codified restraints, checks and balances. Reinforced, protected capacity assists in the establishment of a strong foundation upon which sustainable progress for each can be made.

The fourth and final conclusion concerns the prospects for democracy. The prospects for democracy in Sub-Saharan African countries are more likely, though clearly

not guaranteed, for countries that have balance or are trending towards balance in the critical three-way relationship. The more imbalance that exists, especially via an overwhelming state, the weaker the prospects become and it can be expected that it will take longer to achieve democracy. Burundi is the strongest example. Those prospects increase as social requisites are increasingly satisfied, which can be seen in the cases of Senegal, Gabon and South Africa.

## B. REGIONAL PROSPECTS FOR DEMOCRACY

Sub-Saharan Africa is a mix of many countries each with different levels of balance within their political economies. This balance can increase and decrease at any time in terms of autocracy or democracy. There is no guarantee that South Africa will remain a strong democracy indefinitely. Likewise, Senegal will not necessarily continue democratic progress, which could be seen in President Wade's increasingly autocratic style of governance. The election of Macky Sall and the consolidation of democracy in the Sengalese case is certainly a step in the democratic direction. In the case of Gabon and Burundi, it is possible that each of these countries experienced the key "stressor" or political crisis that has the ability to act as the historical catalyst for economic, social and political change. Political or economic crisis has been known to play a critical role around the world in bringing new leadership to power and reinforcing legitimacy of progressive, new policies.<sup>171</sup> It is then quite possible that such new leadership and policies may lead to a more balanced relationship and then concurrent with the fourth conclusion of this research and despite the democracy's fragile nature, those countries that have stronger three-way balance have stronger prospects for the emergence and sustainment of democracy.

The additional observation of the per capita incomes for these countries aligns to their economic and democratic characteristics and directly correlates to Lipset's "economic wealth" social requisite. It also provides another angle in the examination of

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<sup>171</sup> Minxin Pei. "Constructing the Political Foundations of an Economic Miracle" In *Behind East Asian Growth: The Political and Social Foundations of Prosperity*, edited by Henry S. Rowen. New York: Routledge, 1998. Pp. 44, 45. The author specifically addresses examples from South Korea, Indonesia, Singapore, Malaysia, Thailand, Vietnam, Burma and China. Malaysia is perhaps most similar to Burundi in terms of the breakdown of ethnic peace and the resulting political collapse.

the prospects for democracy in the region according to the assertions of Przeworski and Limongi. As South Africa's per capita income pushes beyond its current \$7,275 value in consonance with an effective cooperative and competitive balance between the state, labor and private capitalists, so increases the certainty of South Africa's sustained democracy. Gabon is an example of the extreme volatility of the reliance upon the oil industry. It suffered a 26% decrease in GDP per capita when its per capita incomes varied from \$10,020 in 2008 to \$7,411 in 2009 and then to \$8,643 in 2010.<sup>172</sup> Przeworski and Limongi's analysis leads to a prediction that the Gabonese political system is more likely to maintain its current semi-democratic political characteristics because each of the measured levels is beyond the \$6,000 watermark. However, the volatility of the current Gabonese economic situation increases the potential for reform because the state is in a position that is highly vulnerable to increased pressure by labor and private capitalists. GDP per capita in Senegal surpassed the \$1,000 mark in 2007 and currently rests at \$1,041.<sup>173</sup> This places Senegal in Przeworski and Limongi's "sweet spot" for a democratic transition that combined with positive trends in the ability of business to break its dependency on the state and labor's capacity to press its agenda; further democratic gains may be on the horizon. Again, the election of Macy Sall may just prove this point. Burundi's prospects are perhaps a bit more dismal. A per capita income of \$192 in 2010 combined with a political economy that consists of a weak and corrupt government, repressed business environment and a lopsided, massively unskilled and unorganized labor force bodes particularly poorly for the near term emergence of true democracy or rapid economic development.

### C. POLICY IMPLICATIONS FOR THE U.S.

Understanding the relationship between industrialization and democratization provides sufficient background discussion to address the prospects for democracy within the case study countries. By reviewing Sub-Saharan African political economies along

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<sup>172</sup> The World Bank. "World Bank Data Indicators: Gabon," Accessed April 10, 2012, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

<sup>173</sup> "The World Bank: Working for a World Free of Poverty." Accessed November 29, 2011, <http://data.worldbank.org/indicator?display=graph>.

the lines of this analysis, it is possible to view United States foreign aid programs and techniques through a different lens. This may serve to either reinforce current aid programs or provide support for the redirection of resources. It is not the purpose of this research effort to support or decry the impact of aid, though the argument for investment in lieu of aid certainly applies to and is supported by the Burundian case. The goal of promoting democracy can be expected to continue within U.S. foreign policy, as can the tying of aid to democratic metrics, for the foreseeable future even if it decreases in importance relative to other desires such as regional anti-terrorism capabilities.

This type of analysis provides a means to target aid programs or state-promoted investment in supporting elements that may indirectly support democratic development and support political aims. In Burundi, the candidate that is most likely the furthest from true consolidated democracy of our case studies, clearly the reliance upon foreign donors, coffee and tea exports is destabilizing and creates continued uncertainty. Aid programs, if utilized at all, should be directed towards appropriate increases in technologies to increase production of alternate crops or towards the support of civil society groups that provide the opportunity to organize and mobilize agricultural labor. As another alternative, policy could support and incentivize business investments into providing baseline technologies for Burundi's expanding raw material markets. It is recommended that aid in the Burundian case be minimal so as not to reinforce the resultant uncertainty and incentivize an environment of continued poor governance.

Gabon provides an excellent example due to several indicators that political conditions are solidifying for the emergence of democracy. In this case, investments that assist in the development of non-oil industries, particularly the timber industry is beneficial from both a social and political perspective. This type of investment is in line with the Gabon Emergent plan put forth by President Bongo in 2009 and would provide a means of diversification and increased formal jobs for the Gabonese while showing non-oil related international support for a semi-democratic leader, which incentivizes such styles of governance. This, in turn, provides an avenue to indirectly contribute to the openness of the Gabonese class system by providing a means to social mobility, the egalitarian value system by decreasing income inequality, a capitalist economy by

promoting private sector expansion, increased economic wealth via the development of export-oriented high value end items, and potentially, an increased opportunity to mobilize the associated labor force, which when added to the power of the oil labor force increases labor's overall power in the three-way dynamic. Newly emboldened entrepreneurs and labor can reasonably be expected to pressure government to protect such gains and, as a result of U.S. influence, have an increased capacity to do so. The Gabonese state, vulnerable and malleable, can reasonably be expected to provide concessions, however slight, and thus U.S. policy has supported a stabilizing contribution to democratization within Sub-Saharan Africa.

#### **D. ADDRESSING THE RESEARCH QUESTION AND HYPOTHESIS**

What is the nature of the relationship between industrialization and democratization in Sub-Saharan Africa?

Though a mere four case studies is hardly conclusive, the analysis supports the hypothesis that industrialization, as a process of economic diversification, is a necessary condition for modernization and development, which then shapes the conditions for the emergence and sustainment of democracy in Sub-Saharan Africa. In this context, industrialization is not dependent upon democratization; however, successful democratization is dependent upon diversified industrialization in the region. The relationship between industrialization and democratization in Sub-Saharan Africa is one of interdependence and balance unique to the characteristics and capacity of three critical entities: the state, private capitalists and labor. For many Sub-Saharan African nations, diversified industrialization remains on the horizon alongside consolidated democracy. Neither has yet been achieved. In these instances, a relative imbalance in the power dynamic exists between the key entities, which align to autocratic tendencies in lieu of the democratic. Senegal, Gabon and Burundi each demonstrate this point. For others, such as South Africa, diversified industrialization exists and thrives alongside consolidated democracy. In this case, each of the well-developed key entities is able to exert effective pressure upon the others. This ability to effectively put pressure upon the other entities has developed over time and through the political, social and economic strain associated with the expansion of multiple industries. It is the key to stabilizing and

when necessary, restraining the power dynamic. Also, this same expansion simultaneously contributes to critical social requisites for democratization.

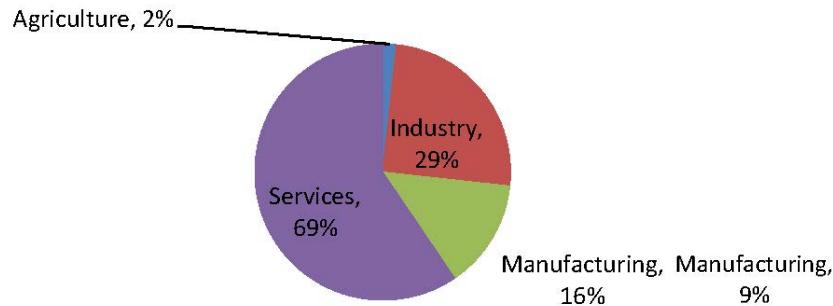
This research has examined the nature of the relationship between industrialization and democratization in Sub-Saharan Africa. These two variables prove to be key elements in discussions surrounding economic development, growth, foreign policy and governance on the African continent. The method has been to take a look at several case studies that highlight instances of positive and negative contributions to certain requisites for democracy. From this, I have been able to draw some general conclusions as to why democracy has or has not taken root from a social, economic and political perspective. Examining the relationships between the state, private capitalists and labor has been the vehicle for this analysis and provided a general understanding of how these relationships contribute to democracy and patterns of democratization. However, further analysis is appropriate. It would be useful to examine in further detail the different ways and volumes that extractive industries versus manufacturing contribute to governance, economics and social arenas. Also, because international players exert competing political and economic influence via their foreign policies, which simultaneously contribute to the industrial and democratic capacity of contemporary Sub-Saharan African nations, a detailed examination of those policies would contribute significantly to the discussion. In terms of further research, taking a deeper look into these divisions of industry as well as examining “eastern” and “western” foreign policy within the region stands to provide even more useful insight into the industrialization and democratization relationship within Sub-Saharan Africa.

## APPENDIX A

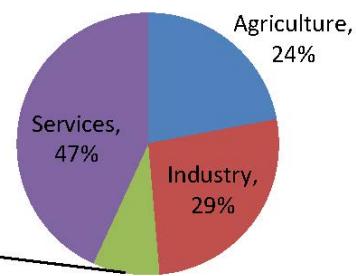
<b>Service Sectors by Contribution to GDP</b>						
	<b>Advanced Economies</b>	<b>Sub-Saharan African Economies</b>	<b>South Africa</b>	<b>Gabon</b>	<b>Senegal</b>	<b>Burundi</b>
<b>Agriculture</b>	2%	24%	3%	4%	17%	35%
<b>Industry</b>	29%	29%	31%	54%	22%	20%
<b>Manufacturing</b>	16%	9%	15%	4%	13%	9%
<b>Services</b>	69%	47%	66%	42%	61%	45%

Table 15. Service Sectors by Contribution to GDP (From <sup>52</sup>)

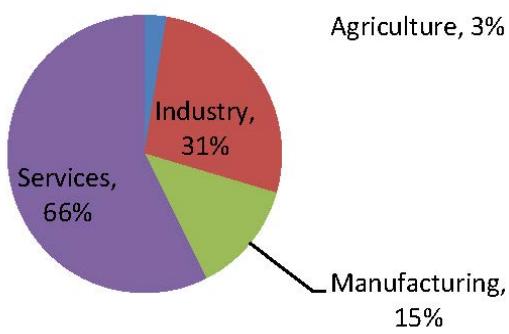
## Advanced Economies



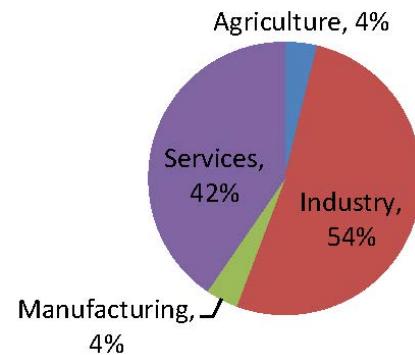
## Sub-Saharan African Economies



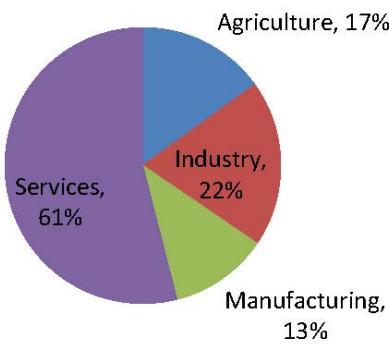
## South Africa



## Gabon



## Senegal



## Burundi

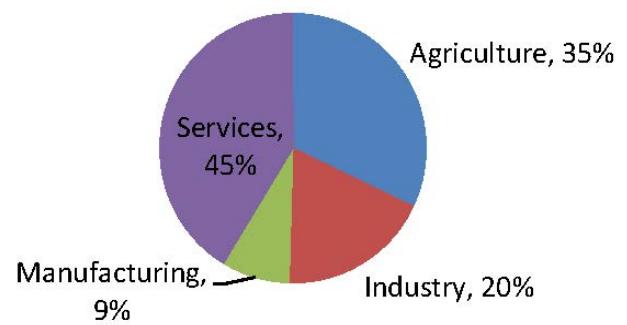


Figure 5. Comparative Economic Sector GDP Contributions (From<sup>52</sup>)

Democracy - Polity IV Data (Polity 2 subset)							
South Africa		Gabon		Senegal		Burundi	
Polity 2	Year	Polity 2	Year	Polity 2	Year	Polity 2	Year
4	1910	-7	1960	-1	1960	0	1962
5	1990	-9	1968	-4	1962	-3	1963
6	1992	-6	1990	-7	1963	-5	1965
8	1993	-4	1991	-6	1974	-7	1966
9	1994	3	2009	-2	1978	-3	1992
9	2010	3	2010	-1	1981	0	1993
				8	2000	-5	1996
				7	2007	-1	1998
				7	2010	0	2001
						2	2002
						3	2003
						5	2004
						6	2005
						6	2010

Table 16. Democracy - Polity IV Data (Polity 2 subset; From <sup>63</sup>)

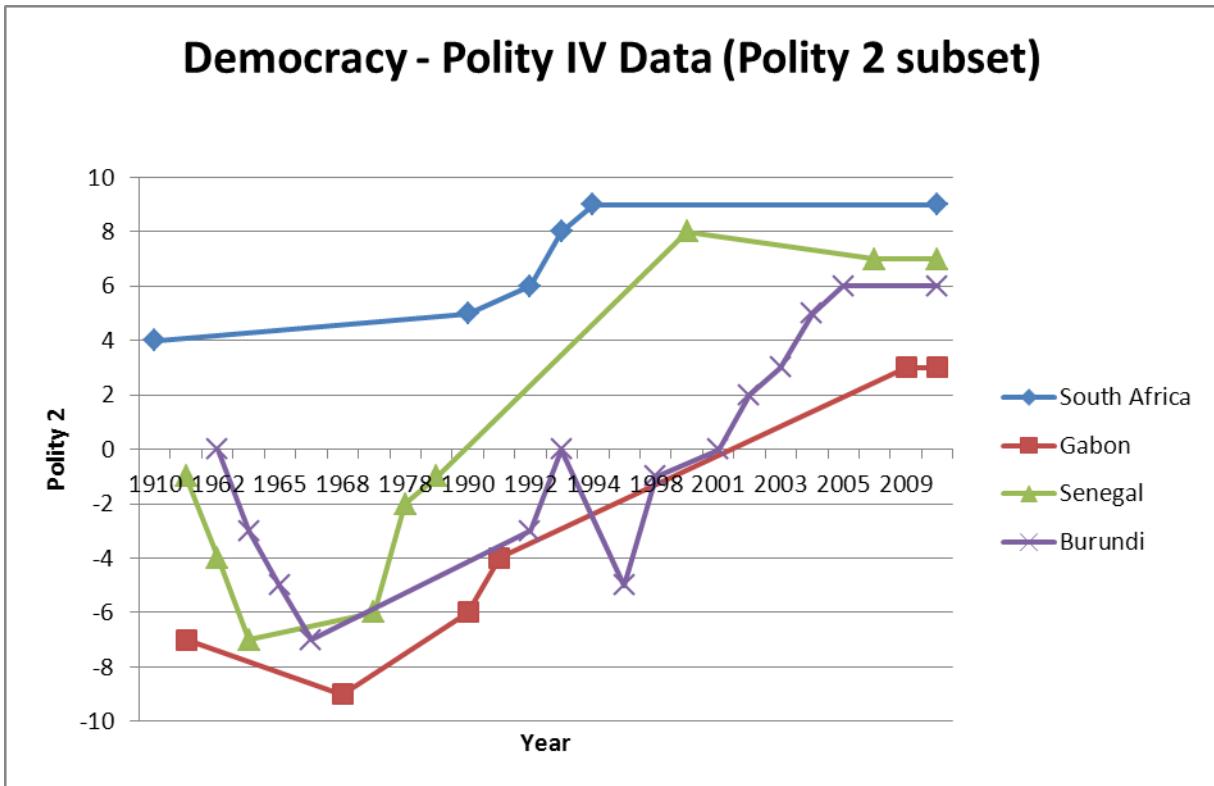


Figure 6. Democracy - Polity IV Data (Polity 2 subset) Consolidated Line Graph (From <sup>63</sup>)

Modernization Assessment				
	South Africa	Gabon	Senegal	Burundi
<b>Sachs</b>	Catching Up	Resource Based	Malthusian Decline	Malthusian Decline
<b>Rostow</b>	Drive to Maturity	Pre-Conditions	Pre-Conditions	Traditional Society
<b>Porter</b>	Investment Driven	Factor Driven	Factor Driven	Factor Driven
	South Africa	Gabon	Senegal	Burundi
<b>Electrical Production (billion kWh)</b>	238.3	1.963	2.232	0.208
<b>Electrical Consumption (billion kWh)</b>	212.2	1.6	1.763	0.273
	South Africa	Gabon	Senegal	Burundi
<b>Internet (User World Rank)</b>	54	160	76	147
<b>Cell Phones Teledensity per 100 people</b>	110	100	100+	10

Table 17. Modernization Assessment (From CIA World Factbook Country Reports)

Scale					
	Modernity				Traditional
<b>Sachs</b>	Endogenous Growth	Catching Up	Resource Based	Malthusian Decline	Isolated Economy
<b>Rostow</b>	Age of Mass Consumption	Drive To Maturity	Take-Off	Pre-conditions for Take-off	Traditional Society
<b>Porter</b>	Innovation Driven		Investment Driven		Factor Driven

Table 18. The Modernity Scale (From <sup>22, 127, 128</sup>)

Tariff Structure				
	South Africa	Gabon	Senegal	Burundi
<b>Minerals</b>	0.77%	10.40%	6.08%	1.93%
<b>Textiles</b>	36.79%	26.80%	16.74%	21.74%
<b>Manufactured Items</b>	24.66%	29%	19.23%	22.70%
<b>Machinery</b>	2.14%	12.30%	8.65%	4.50%
<b>Instruments</b>	0.21%	8.31%	8.15%	1.60%
<b>Other Manufactures</b>	9.56%	25.20%	19.12%	20.80%
<b>Average Agriculture Tariff</b>	9.86%	17.10%	11.59%	21.93%
<b>Average Industrial Tariff</b>	4.95%	14%	10.08%	6.63%

Table 19. Tariff Structure (From <sup>81</sup>)

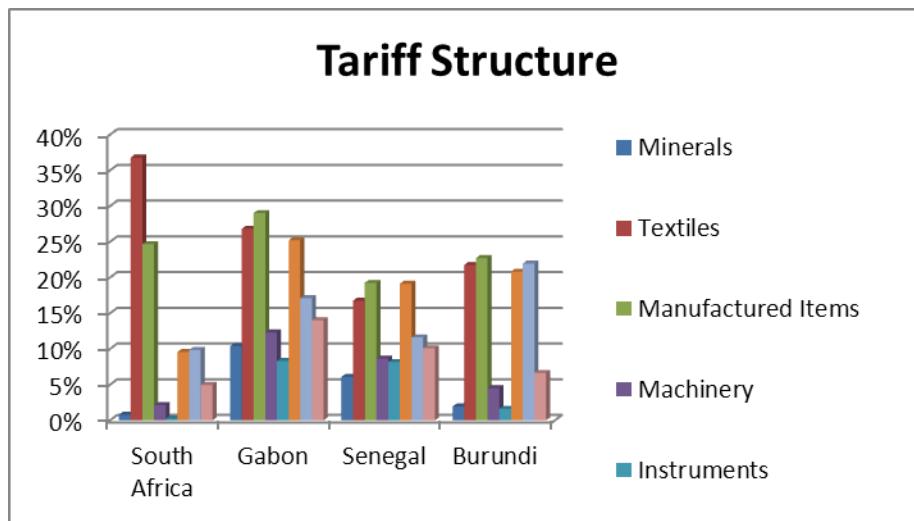


Figure 7. Tariff Structure (From <sup>81</sup>)

<b>Miscellaneous Common Indicators</b>				
	<b>South Africa</b>	<b>Gabon</b>	<b>Senegal</b>	<b>Burundi</b>
<b>GDP per Capita</b>	\$7275	\$8643	\$1041	\$192
<b>Income Highest 20%</b>	72.2%	48.2%	45.9%	42.8%
<b>Income Lowest 20%</b>	2.5%	6.2%	6.2%	9.0%
<b>Unemployment</b>	24.9%	21.0%	48.0%	11% est
<b>Poverty</b>	23.0%	32.0%	50.8%	68.0%
<b>Literacy</b>	86.4%	88.0%	50.0%	60.0%
<b>Labor Force</b>	18.9 million	796,713	5.5 million	4.25 million
<b>Index of Economic Freedom (Heritage)</b>	74th	113th	121st	157th
<b>Doing Business Rank</b>	35th	156th	154th	169th
<b>Ibrahim Index Average (2000–2010)</b>	7th (59.2)	39th (35.4)	17th (51.3)	38th (36.4)
<b>Transparency International (Corruption)</b>	4.5	2.8	2.9	1.8
<b>WEF Indicator 1.09 (Burden of Government Regulation)</b>	3 of 7	NA	3.4 of 7	3.2 of 7
<b>WEF Indicator 8.04 (Access to Bank Loans )</b>	3.2 of 7	NA	2.3 of 7	1.6 of 10
<b>WEF Indicator 8.05 (Venture Capital Access)</b>	3 of 7	NA	2.3 of 7	1.5 of 7
<b>WEF Indicator 1.14 (Cost of Crime and Violence on Business)</b>	2.1 of 7	NA	5.8 of 7	3.1 of 7
<b>WEF Indicator 8.06</b>	9 of 10	NA	3 of 10	2.7 of 10

Table 20. Miscellaneous Common Indicators (Data from multiple sources: World Bank, International Finance Corporation, CIA Worldfactbook, Heritage Foundation, U.S. Department of State, World Economic Forum, Ibrahim Index)

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